Street of broken dreams
An Englishman's home is his nest egg. But the cracks are showing. Can the property market ever recover? Does the British obsession with owning one house, or even two, make any sense? Four pages on the state of the sector in the UK and across Europe. .... Pages I, VII, VIII & IX

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,562

Weekend September 21/22 1991

D 8523A

WORLD NEWS

Archbishop defends Tyneside riots claim

The Archbishop of Canterbury defended his claim that inner city rioting on Tyneside was rooted in social deprivation, and claimed he was not seeking confrontation with the government.

Dr George Carey spoke out after prime minister John Major joined the dispute over the archbishop's comments by insisting that not all rioters were from deprived backgrounds. Tories try to shift spotlight, Page 22; Archbishop's comments stir election pot, Page 4

Hopes on hostages

UN secretary-general Javier Perez de Cuellar said he was convinced hostages in the Middle East would be freed by their kidnappers but said he could not predict a time. West Bank chief reports progress at Baker talks, Page 22

Nato may cut N-bombs

Nato is considering cuts in its stockpile of nuclear bombs, according to General John Galvin, its supreme commander in Europe. It is already preparing to abandon nuclear shells and short-range missiles. US split on tactics to gain Iraqi compliance, Page 3

BCCI charges expected

Abu Dhabi confirmed it was expecting to file formal charges against former senior executives of BCCI who were still being detained since their arrest nearly two weeks ago. Page 3

Anger at Ulster deaths

Unionist leaders' anger at the recent wave of terrorist killings in Northern Ireland overshadowed attempts to restart "round-table" talks on the province's political future. Page 4

Yeltsin criticised

The Russian parliament challenged the authority of the republic's president Boris Yeltsin, accusing his government of mishandling the economy and calling for a debate on his increased powers. Page 2

E Germans protest

Thousands of east German workers blockaded a motorway intersection during peak traffic to protest at unemployment and the closure of formerly state-owned industries.

SNP launches cabinet

Scottish National party leader, Alex Salmond, announced at its conference in Inverness that the party was introducing a shadow cabinet. Page 4

Spurs player jailed

England and Tottenham Hotspurs soccer player Terry Fenwick, 31, was jailed for four months after failing to give a breath test and driving while disqualified.

Wine may be vintage

France's 1991 wine harvest will be the smallest but could be among the best vintages since the second world war, experts said.

Charges mount

Charges for climbing Mount Everest will quadruple from March 1 next year in an attempt to curb the pile-up of litter, Nepal's tourism ministry said.

9 770307 176166 38

BUSINESS SUMMARY

Brittan seeks to block takeover of De Havilland

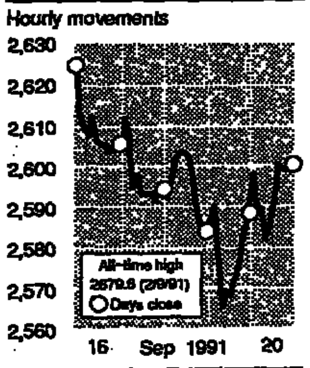
Sir Leon Brittan, the EC Competition Commissioner, is proposing to block a French-Italian takeover of De Havilland, the Canadian aircraft maker.

Sir Leon, who says letting Aérospatiale of France and Alenia of Italy take control of De Havilland would give them a near-monopoly of the EC market for small commuter aircraft, must win the backing of a majority of his 16 fellow Commissioners if he is to block the deal. Page 22

UK EQUITIES: BTR's £1.5bn offer for Hawker Siddeley rounded off a week of heavy takeover activity and helped the UK stock market cast off the burdens imposed by overseas and futures-related selling. Over the week, the FT-SE 100 index lost 25.5 points. At Friday's close, the index was up 11.6 at 2,600.3. London stocks, Page 13; Lex, Page 22

FT-SE 100 Index

Hourly movements



ISOSCELES: David Smith, who in 1989 led the £2.1bn hostile battle for Gateway supermarket chain, Britain's biggest leveraged buy-out, has resigned as chief executive of Isosceles, the vehicle with which he engineered the takeover. Page 22; Lex, Page 22

SUN LIFE: Liberty Life of South Africa and France's Union des Assurance de Paris are combining their shareholdings in Sun Life in an attempt to end speculation that they are not acting as friendly partners in the management of the UK insurer. Page 8; Lex, Page 22

US BANKS: A merger between the Bank of Boston and the Shawmut National Bank that would create the biggest bank in New England and the tenth largest in the US is thought to be imminent. Page 10

INTERNATIONAL Finance Corporation, the World Bank affiliate devoted to private sector investment in the developing world, has drawn up a growth strategy for the coming decade which aims to develop capital markets, privatisation, small business expansion and infrastructure projects. Page 3; Donors pledge $6.7bn to India, Page 3

EUROPEAN COMMUNITY: The Dutch presidency of the EC will today try to calm fears by southern Community members that it plans to leave them behind in a two-speed move to economic and monetary union. Page 3

ASTON MARTIN: Victor Gauntlett resigned as chairman and chief executive of the UK luxury car maker. Page 4

TILBURY Group, the UK contractor and developer in which Philipp Holzmann, the large Germany construction company, holds a 29 per cent stake, is the successful bidder for Robert M. Douglas, the Midlands-based construction company. Page 8

MARKETS

STERLING
New York lunchtime:
$1.73 (1.731)
London:
$1.7275 (1.7285)
DM2.915 (2.92)
FFr9.925 (9.9475)
SFr2.545 (2.555)
Y232.0 (232.5)
£ index 91.0 (91.0)

GOLD
New York: Comex Dec
$352.1 (352.0)
London:
$348.35 (348.85)

N SEA OIL (Argus)
Brent Nov
$20.45 (20.325)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime:
DM1.6845
FFr5.747
SFr1.4702
Y134.05
London:
DM1.687 (1.689)
FFr5.745 (5.755)
SFr1.473 (1.476)
Y134.4 (134.45)
$ index 65.1 (65.1)
Tokyo close: Y134.72

US LUNCHTIME RATES
Fed Funds: 5¼ %
3-mo Treasury Bills: 5.34%
Long Bond: 102 5/16
yield: 7.91%

STOCK INDICES
FT-SE 100:
2,600.3 (+11.6)
FT Ordinary:
2,038.8 (+27.5)
FT-A All-Share:
1,258.72 (+0.4%)
New York lunchtime:
DJ Ind. Av.
3,033.32 (+8.95)
S&P Comp
388.81 (+1.05)
Tokyo: Nikkei
23,192.74 (−138.57)

LONDON MONEY
3-month Interbank:
10¼% (10¼)
Liffe long gilt future:
Dec 96 31/32 (96¾)

UK engineering group resists £1.5bn hostile takeover move

BTR bids for Hawker Siddeley

By Richard Gourlay and Andrew Baxter

BTR, the industrial conglomerate, yesterday launched a £1.5bn hostile bid for Hawker Siddeley, the historic engineering group which built the Sopwith Camel, the Hurricane and the Harrier jump-jet, capping a remarkable week of UK takeover activity.

Hawker Siddeley rejected the bid, saying it had no wish to be part of a sprawling conglomerate. Its share price jumped 118p to 758p, slightly above the value of BTR's offer.

BTR's predatory move was the third bid by a conglomerate this week, suggesting that enough confidence in recovery has returned to allow a resurgence of large takeover bids.

On Monday, Hanson agreed to pay £341m in cash and warrants for Beazer, the international building materials group. A day later, Williams Holdings, another conglomerate, launched a hostile all-share bid worth £701m for Racal Electronics, the data communications and security group.

BTR's offer consists of 108 shares plus £280.20 in cash for

Era of the megabid .... Page 6
Bandwagon rolls again ... Page 6
Lex .... Page 22

every holding of 100 Hawker Siddeley shares. It values Hawker at 727p, and includes a full cash alternative of 700p a share.

Sir Owen Green, BTR chairman, said Hawker's management had failed to unlock the company's potential.

"Hawker Siddeley shareholders have endured their company's under-performance for a decade," he said. Earnings per share had only risen from 40.1p to 40.8p since 1980.

Mr Alan Watkins, Hawker Siddeley's managing director, who was drafted in to sort out the company's problems, admitted yesterday the 1980s had been disappointing.

He was brought in from Lucas Industries in 1989 to introduce a five-year restructuring plan, slimming down Hawker's product range, cutting costs and revitalising management. But the recession has hit Hawker's disposal programme and diverted management from long-term planning.

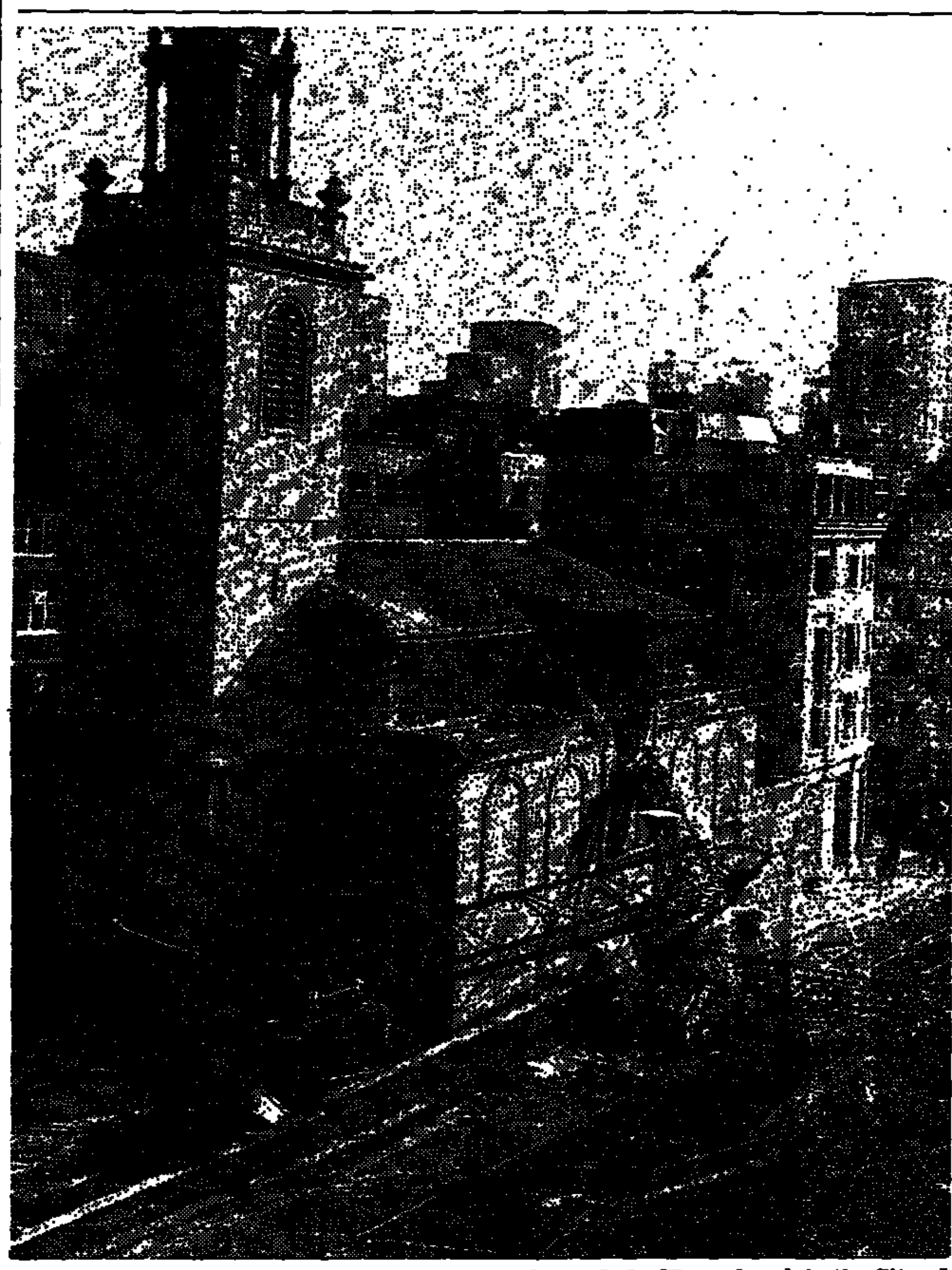
"It is somewhat galling to face this at this time," Mr Watkins said. "I am not about to drop this programme half way through."

Mr Alan Jackson, BTR chief executive, said he felt Hawker had a number of strong companies in the right geographical areas. He said it had been let down by bad senior management starved of funds for capital expenditure.

If BTR were successful, it would increase spending on equipment that cut the cost of manufacturing and would probably keep most of the businesses. He said BTR managed rather than traded companies it bought.

This approach contrasts with what is often seen as BTR's style of increasing prices in order to increase margins.

Hawker Siddeley, one of the most famous names in the UK engineering industry, lost its way in the 1980s while other engineering companies restruc-
Continued on Page 22



A 100-foot crane collapsed and crashed through the roof of a Wren church in the City of London yesterday. The damage, likely to cost about £1m to repair, was similar to that caused by an unexploded Second World War bomb which hit the building in 1941. The crane driver was able to jump clear. Full story, Page 5. Photograph by Ashley Ashwood

Attack puts Yugoslavs on brink of civil war

By Judy Dempsey in Zagreb, Laura Silber in Belgrade, and Robert Mauthner in London

YUGOSLAVIA yesterday moved closer to civil war as the federal army launched a three-pronged attack on targets in eastern Croatia in an offensive to relieve its besieged barracks and reinforce Serb positions in the republic.

"This is the largest co-ordinated effort by the army so far," said a western diplomat in Belgrade.

The attacks by tanks, troops and heavy artillery came amidst further indications of lack of political control over the federal forces .

Last night Mr Stipe Mesic, the federal president of Yugoslavia, a Croat, called on federal soldiers to desert saying generals were out of control and waging a dirty war.

Earlier, Mr Ante Markovic, the federal prime minsiter who is also a Croat, called unsuccessfully for the resignation of General Veljko Kadijevic, the defense minister, and criticised the federal defence ministry.

According to the Belgrade political daily, Borba, Mr Markovic also accused General Kadijevic of visiting Moscow on March 13, for secret talks with Mr Dmitry Yazov, the former Soviet defence mininister who was dismissed after taking

Yugoslav army loses its sense of direction .... Page 2

part in last month's coup.

According to the newspaper General Kadijevic gained an "agreement for the delivery of a huge supply of weapons including missile systems, planes and helicopters".

Mr Markovic called for a new army leadership saying that "otherwise the total collapse of the army and Yugoslavia will be inevitable".

According to Croatian radio the 20 mile-long military convoy which left Belgrade on Thursday split into three sections just across the Croatian border and attacked the villages of Tovarnik, Nijemci and Lipovac yesterday afternoon.

The interior ministry said the embattled area was in chaos with air attacks and artillery barrages.

The Serbian-led army also sent tanks into nearby Vukovar. A spokesman for the Croatian ministry of information said: "It looks like federal army is going to try and circle around and bite off Vukovar and Osijek."

These two Slavonian towns in eastern Croatia, have been practically under siege by Serb paramilitary and federal army units since the beginning of the month.

Repeated air-raid warnings in Zagreb brought the Croatian capital to a standstill for most of the morning. Clashes erupted in central and southern Serbia and troop movements were reported from the northern part of Bosnia Herzegovina.

Armed civilians yesterday raised barricades to stop military convoys in the Bosnian towns of Listica and Capljina, about 30 miles west of Mostar, raising concern about a possible widening of the conflict to the most ethnically mixed republic which until now has managed to remain on the fringes of the Serb-Croat conflict.

The nine-nation Western European Union (WEU) is due to meet on Monday to study the options for a reinforced monitoring mission and WEU secretary-general Willem van Eekelen said yesterday that the WEU could still send several thousand troops to back the European Community's civilian monitors already in Yugoslavia.

'Worrying' choice to head teachers' pay review body

By John Willman

BRITISH teachers' employers and their largest union yesterday attacked the appointment of Sir Graham Day, chairman of Rover Group, PowerGen and Cadbury-Schweppes, to head a new body which will review the pay of teachers in England and Wales.

One of the review body's priorities will be to increase the performance-related element of teachers' pay.

Of the six other members nominated by Mr John Major, the prime minister, four are industrialists, including Mrs Brigitta Amey, head of personnel at BT (formerly known as British Telecom), and Mr Ray Carter, corporate affairs director at Marathon Oil UK.

Sir Graham's appointment was described as "bizarre and worrying" by Mr Stephen Byers, chairman of the National Employers' Organisation for School Teachers, which represents local education authorities. "I find it hard to believe that the chairman of three major companies will be able to devote the time necessary to tackle one of the most important jobs in the country – raising the status and standing of the teaching profession," he said.

Mr Doug McAvoy, general secretary of the National Union of Teachers, said that the appointments created "a review body for the market place which will know the cost of everything and the value of nothing".

Mr Nigel de Gruchy of the National Association of Schoolmasters/Union of Women Teachers said, however, they were confident of winning the argument over pay, even though the review body was
Continued on Page 22

CONTENTS

UK Stock Market Report 0836 430001; FOREX 0836 430003; Bullion 0836 430005; UK Company News 0836 430002. Calls charged at 36p/minute cheap rate, 48p/minute at all other times. To obtain a free Cityline Share or Unit Trust directory, ring (071)-925-2128.

Austria Sch30; Bahrain Din0.900; Bermuda $1.50; Belgium BFr60; Canada C$1.40; Cyprus C£1.00; Denmark DKr13.00; Egypt E£3.50; Finland Fmk8.50; France FFr8.00; Germany DM3.00; Greece Dr200; Hong Kong HK$14; Hungary Ft145; Iceland IKR180; India Rup20; Indonesia Rp3.100; Ireland I£0.80; Israel NS4.50; Italy L2200; Japan Y500; Jordan JD1.20; Korea Won 2000; Kuwait Fils.600; Lebanon £L1000; Luxembourg LFr60; Malaysia Rin4.50; Malta 45c; Morocco Dh10.00; Nigeria Naira15.00; Netherlands Fl3.50; Norway NKr13.00; Oman OR1.20; Pakistan Rs35; Philippines Pso 40; Poland Zl 16000; Portugal Esc175; Qatar QR10.00; S.Arabia Rls8.00; Singapore S$4.10; Spain Pta175; Sri Lanka Rup30; Sweden SKr13.00; Switzerland SFr2.70; Taiwan NT$85; Thailand Bht50; Tunisia Din0.800; Turkey L5000; UAE Dh8.00; USA $1.25.

Non-Serb officers are leaving, and recruiting officers are having trouble finding reservists

Yugoslav army loses its sense of direction

By Anthony Robinson in London and Laura Silber in Belgrade

Two elderly Croatians take cover in an improvised shelter near Split as federal army jets fly overhead

THE army which yesterday launched another multi-pronged ground assault on Croatia is one which has lost the last vestiges of its former all-Yugoslav status and appears to be under no political control.

General Veljko Kadijevic, the defence minister, and his deputy, Admiral Stane Brovet, have refused to resign as demanded by Mr Ante Markovic, the federal prime minister, thus underlining the impotence of the politicians and the determination of the military to fight their own war.

Despite its continuing capacity to instill fear, however, the army is a troubled and divided force which has lost political and ideological direction and is having difficulty in recruiting and retaining its troops.

Over the last three months, thousands of non-Serb conscripts have either slipped away or failed to turn up for service. The army can only draw on recruits and reservists from Serbia and Montenegro and can no longer rely on Albanians from Kosovo, whose population growth made them a big part of the annual draft.

Over the last three months the army has also lost many non-Serb senior offices such as General Anton Tus, the former head of the air force, and senior naval officers such as Admiral Bozidar Grubisic and Admiral Sveto Letica.

During the past week army recruiting officers have even faced an uphill struggle enlisting reservists in the Serb villages and small towns most receptive to the state-controlled Serbian media's portrayal of the army as protector of the rights of Serbs against alleged Croat fascists.

Although Thursday's parade of tanks and vehicles through Belgrade was applauded by passers-by, the revolt by several hundred draftees in the small town of Velika Plana, 100km east of the Serbian capital, earlier this week was clear proof that the army's role in the undeclared civil war is far from universally supported.

Rather like the senior officers who supported last month's failed coup in the Soviet Union, the tough professionals are members of a military caste which has lived in privileged isolation from the rest of society.

They were indoctrinated to see the army as the guarantor of the integrity of a federal state whose other unifying force was President Josip Tito's version of Balkan communism. But not all the officers who originally supported military intervention to keep Slovenia and Croatia in a federal union have been prepared to follow the army leaders down the path which has transformed it into an instrument of greater Serb nationalism.

The more intelligent are well aware that Serbia alone could not sustain the cost of such a big and well-equipped army and that a Serbia isolated internationally and forced to hold down large hostile minorities within its extended borders would be both unstable and desperately poor. As diplomatic efforts continue to try to stop the fighting it will be to this part of the officer class that negotiators will be directing their appeals for reason.

Gorbachev wants union treaty signed now

By John Lloyd in Moscow

MR Mikhail Gorbachev, the Soviet president, says he wants a union treaty to be signed "immediately" by those republics now willing to do so – after which presidential elections should be held.

In an informal session with the media, Mr Gorbachev said that under this proposal, "a political figure enjoying the confidence of the population would already be in place" before other power structures were developed.

He acknowledged there was now "no [Soviet] centre in the accepted meaning of the word, but there is a danger that 15 [republican] centres will emerge". These centres of power would be more overbearing than the old centre, he said.

Mr Gorbachev suggested – but did not elaborate – that the west was prepared to forgive 50 per cent of the Soviet Union's \$60bn debt if the money not repaid were spent on fundamental research. However, he was against an inflow of foreign capital, saying were it to be allowed, "we would be completely bought out".

Instead, the rouble should be made convertible as quickly as possible – "if we can bring ourselves to carry out unpopular measures". For himself, he said: "I have nothing to lose. I am prepared to take the burden of the most unpopular decisions in order to come through all of this."

Let Russia join world economy says Sobchak

By Anthony Robinson

Mr Anatoly Sobchak, the radical mayor of St Petersburg, yesterday urged Britain and the west to take advantage of the historic opportunity offered by the collapse of communism to re-integrate Russia into the world economy.

Speaking at the European Bank for Reconstruction and Development after talks with Mr John Major, UK prime minister, and other senior ministers, Mr Sobchak said he had come to London to ask not for aid but for help with privatisation and investment.

Mr Sobchak said the sale of surplus European Community food at concessionary prices and other food aid was needed to overcome temporary supply problems. But such food should be sold through the open market along with land and apartments to soak up excess roubles.

Deputies turn on Yeltsin government

By Mark Nicholson in Moscow

ANGRY Russian deputies yesterday rounded on the government of Mr Boris Yeltsin, the Russian president, branding its handling of the economy "unsatisfactory" and calling for the resignation of ministers they said are obstructing reforms.

Deputies lined up to attack the Council of Ministers, the Russian federation's executive body, and said they wanted a debate on Mr Yeltsin's recent accretion of powers – which they consider aimed at diminishing their own.

The attacks reflect a growing frustration among the deputies at Mr Yeltsin's consolidation of power, which includes a recent move to send his own envoys to run some Russian districts. Deputies also complained that he was diminishing their ranks by picking his personal staff from among the brightest of the parliament's members.

Mr Yeltsin was absent from parliament for the second successive day, confined to bed with what aides described as a mild heart complaint.

He was none the less due to fly out last night on a mission to start peace talks over the disputed enclave of Nagorno Karabakh in the Transcaucasus.

In his absence, the parliament passed a resolution describing as "unsatisfactory" the Council of Ministers' performance in carrying out economic reforms, after backing away from a call for all the ministers to resign.

The deputies complained that much of the legislation required to steer the economy towards a market system was on the books, but had then been bogged down by the Council of Ministers' obstructive bureaucracy. "The supreme power is changing, but the apparatus is not," said one deputy. "It is blocking all the changes."

Deputies nevertheless backed a resolution calling for Mr Yeltsin to "reconsider the composition of the Council of Ministers with a view to removing those who are not carrying out the decisions of parliament. They also insisted that Mr Yeltsin present to parliament by November 1 a plan to stabilise the economy and move to a market structure.

The Council of Ministers looks set for both a purge and a radical pruning if Mr Yeltsin selects Mr Svyatislav Fedorov, an eye surgeon, to replace Mr Ivan Silayev, who quit as Russia's prime minister earlier this week.

Armenians likely to back independence

By Neil Buckley in Moscow

EIGHT out of ten Armenians are expected to back their parliament's call for independence from the Soviet Union in a referendum in the southern Soviet republic today.

The vote coincides with the peace-making mission of Mr Boris Yeltsin, president of the Russian Federation, and Mr Nursultan Nazarbayev, president of Kazakhstan, to the troubled enclave of Nagorno Karabakh, in Azerbaijan.

The dispute over the troubled, mainly Armenian territory, which has cost 800 lives in the last three years, and where more than 30 people are believed to have died this week, is one of the main reasons why Armenians are likely to opt to go it alone.

Surrounded by larger and more powerful Moslem states, Armenia had been considered unlikely to want to sever its ties with the Soviet Union.

However frustration with Moscow's handling of the Nagorno Karabakh dispute, and the belief that it is biased towards the Azerbaijanis, have led many Armenians to conclude they would be better off on their own.

Things have been coming to a head since November 1989, when the USSR Supreme Soviet abolished the Special Administration Committee which was controlling the region, and passed power to an Azerbaijani-dominated Organising Committee.

Armenian anger was further fuelled by Moscow's failure to combat the economic blockade of the republic by Azerbaijan, and, this year, by the involvement of Soviet troops in the forced repatriation of Armenians from Nagorno Karabakh.

The chairman of Armenia's parliament, Mr Levon Ter-Petrosian, has however indicated that Armenia is likely to sign an economic union treaty with other Soviet republics.

The visit of Mr Yeltsin and Mr Nazarbayev to Nagorno Karabakh has been billed as a fact-finding mission. But Yeltsin aides say he may try to act as a peace-broker in the region.

Ukraine's KGB ceases to exist

By Chrystia Freeland in Kiev

THE Ukrainian branch of the KGB – historically one of the most ruthless and feared in the Soviet Union – yesterday ceased to exist.

In a closed session, the Ukrainian parliament voted to dissolve the organisation and create in its place a new state security service, controlled directly and exclusively by the Ukrainian parliament.

This will strengthen the Ukrainian government in its drive for independence. This month the Ukraine has also established its own Ministry of Defence and thus the Kremlin no longer controls any local military or police structures which could reimpose central authority.

Mr Mykola Halushka, the former Ukrainian KGB chief, welcomed the move, though it has cost him his job.

The Financial Times (Europe) Ltd
Published by The Financial Times (Europe) Ltd., Frankfurt Branch, (Guiollettstrasse 54, 6000 Frankfurt-am-Main 1: Telephone 069-75980; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Druck Vertrieb und Marketing GmbH, Frankfurt. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1991.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

INTERNATIONAL NEWS

Palestinian envoy Hanan Ashrawi in Amman yesterday after meeting US secretary of state James Baker to present the views of the Palestine Liberation Organisation on a Middle East peace conference. She told journalists she would rather Palestinians stay away from the conference than agree to Israeli conditions.

Nato may cut N-bomb stockpile

By David White, Defence Correspondent

NATO is considering cuts in its stockpile of nuclear bombs, according to General John Galvin, its supreme commander in Europe. The western alliance is already preparing to abandon nuclear shells and short-range missiles.

He said that the past few weeks' events in the Soviet Union had speeded up changes in Nato and indicated that ground-launched weapons would be first on the agenda. However, he added that "there might be a move to reduce the stockpile" of aircraft bombs.

About 1,600 of the estimated 3,700 US nuclear warheads deployed in Europe are aircraft bombs and depth charges. The remainder are artillery shells and Lance missiles. Decisions have yet to be taken on producing and introducing air-launched missiles to replace the current bombs.

In an interview with the FT, Gen Galvin said there was a growing belief that a full-blown arms control negotiation to scrap US and Soviet nuclear shells and short-range missiles would take too long, and that a quicker solution was needed.

This is expected to involve political pledges by Washington and Moscow. Gen Galvin said such an approach would be less precise but more effective in reducing tension.

The break-up of the Soviet Union had made a deal even more important, since the large Soviet stockpile of tactical weapons was widely distributed among the republics, he said. Although the Soviets had "always had good security control over their nuclear weapons", the situation was growing more complex.

The aftermath of last month's attempted Soviet coup had "accelerated and deepened" Nato work on reducing, reorganising and redeploying forces, he said. "There's a greater sense of the need to respond to change."

Nato's new military strategy, due for summit-level approval in Rome in November, would involve a roughly 50 per cent reduction in its "central region" forces, a probable one-third cut in its infrastructure programme and a scaling-down of military headquarters by about 25 per cent.

With some exceptions, only forces earmarked for immediate and rapid deployment would be kept at a relatively high level of readiness, Gen Galvin said.

The new force structure has been under discussion by chiefs of defence staff in Nato's military committee meeting in Canada and the US over the past week. Gen Galvin said the plans included air and naval forces for the Nato's new Rapid Reaction Force.

Galvin: quick solution

This follows agreement earlier this year on the outlines of an army Rapid Reaction Corps (RRC) under British command.

Gen Galvin, who is also commander-in-chief of the US European Command, said a US heavy division might be attached to the RRC alongside the UK and mixed European divisions already agreed on. This fifth division would be based in the US with "pre-located sites" in Europe. Two other US army divisions, at lower states of readiness, are due to remain in Germany as part of the new multinational corps structure.

The Rapid Reaction Force was designed for flexibility, Gen Galvin said. Nato would in future aim to work with other organisations - such as the United Nations, the Western European Union, the European Community and the Conference on Security and Co-operation in Europe - in seeking to manage crises.

US split on tactics to gain Iraqi compliance

By Lionel Barber in Washington

A SPLIT has emerged within the Bush administration over how to force Iraq to comply with UN resolutions mandating the destruction of its nuclear, chemical and biological weapons arsenal.

General Brent Scowcroft, national security adviser to President George Bush, is understood to be the leading hawk. The National Security Council staff was responsible for drafting plans to send US jet fighters to provide air cover to UN helicopters seeking access to Iraq's suspected unconventional weapons sites.

The White House, looking ahead to Mr Bush's keynote foreign policy address to the UN on Monday, wanted to make a political point: the need to enforce United Nations resolutions to strengthen the UN's credibility.

The Pentagon is taking a more cautious approach. Mr Dick Cheney, defence secretary, and General Colin Powell, chairman of the joint chiefs of staff, were unhappy about this week's heavily publicised threat to move squadrons of fighters to the Gulf if Iraq failed to grant access to UN inspection teams.

The resulting divisions provoked a conciliatory White House statement which said no decision had been taken to dispatch forces to the Gulf.

The differences which surfaced this week are about tactics more than goals. The Pentagon, White House and State Department all agree that President Saddam Hussein cannot be allowed to continue to defy the UN.

Mr Bush told a Republican fund-raising event in Los Angeles on Thursday night that other countries - believed to be Britain and France - would support the enforcement of UN sanctions. But he said this would not be "Son of Desert Storm" and there was no threat of the Gulf war resuming.

The consensus among hawks and those who favour a less aggressive stance is that, with Mr Saddam in power, the process of inspecting and destroying Iraq's arsenal would take months, if not years.

IFC draws up worldwide growth strategy

By George Graham in Washington

INTERNATIONAL Finance Corporation (IFC), the World Bank affiliate devoted to private sector investment in the developing world, has drawn up a new growth strategy for the coming decade, aimed at fostering the development of capital markets, privatisation, small business expansion and infrastructure projects.

IFC is virtually assured of a $1bn (£500m) equity increase to take its capital to $2.3bn although this must still be formally approved by member countries over the next six to nine months.

Sir William Ryrie, the organisation's executive vice-president, estimates that this capital increase will enable IFC to boost its annual level of investment from around $1.5bn a year today to $4bn a year by 1998.

Although IFC expects to maintain strong investment growth in all the regions in which it operates, expansion is likely to be particularly strong in central and eastern Europe and in sub-Saharan Africa.

The Washington-based organisation expects a near tripling of its financing in Europe to some $500m a year by the turn of the century, with $300m to $350m devoted to projects in central and eastern Europe.

Loan and investment approvals in sub-Saharan Africa are expected to double to around $400m.

IFC anticipates a 60 per cent increase in its financing activities in Asia and a 70 per cent increase in Latin America, which currently account for more than two thirds of its loans and investments between them.

Sir William said recent deregulation in India had opened the way for IFC to play a bigger role there, and the country was likely to be one of IFC's biggest customers in coming years.

One of IFC's priorities is the growth of capital markets and financial institutions in developing countries.

"Everybody concerned with development has become very much aware that you cannot have a strong, healthy and growing private sector without a strong, healthy financial sector," Sir William commented.

Besides helping developing countries to develop their own stock markets, he said IFC would try to enable individual companies in the developing world to raise money on the international markets by helping with syndications and securities issues.

IFC says that foreign direct investment in developing countries totalled around $19.9bn last year, but at the same time portfolio investment in these countries has been steadily growing to an estimated $1bn to $2bn a year.

Total equity holdings by non-residents in emerging markets are estimated at $17bn.

Sir William said he also expected IFC to be involved in around 100 privatisations over the next five years, both in eastern Europe and in other regions.

Small businesses will also remain a priority as the "seed corn" of a strong private sector, and IFC plans to provide money and mobilise funds from international markets for large infrastructure projects, which are often viewed as risky by private investors.

IFC invested $1.54bn in 152 projects during its fiscal year to June 30, compared with $1.51bn in 122 projects the previous year.

Donors pledge $6.7bn to India

WESTERN aid donors yesterday pledged $6.7bn (£3.96bn) in aid to India, to help the stricken economy through its balance of payments crisis and to support its wide-ranging economic reforms, writes William Dawkins from Paris.

The package - worth 6 per cent more than last year's assistance - was agreed at a meeting of the World Bank's India consortium. More than the government had expected, it sends a message of confidence to international capital markets, according to Mr S.P. Shukla, finance secretary.

A $1.8bn injection is also expected from the International Monetary Fund. Together, these will go a long way towards meeting the $9.2bn India needs this year to cover an expected $6bn current account deficit and $3.2bn of debt repayments.

The country's need for assistance has been exacerbated by fears over its creditworthiness that have severely limited its access to commercial loans.

There were concerns in India that an inadequate aid agreement would force the government to impose tougher import curbs to avoid a loan default.

An unusually large part of yesterday's package, $2.3bn, is to cover emergency balance of payments needs.

India's foreign exchange reserves currently cover just one month's imports needs. The package is the equivalent of another month's import bill, said officials.

Western donors agreed that India needed emergency support to tide it over while the impact of the cut in this year's budget deficit - from 9 per cent to 6.5 per cent of gross domestic product - fed through to the balance of payments, said officials.

Individual governments pledged $2.2bn, with the biggest contributions coming from Japan, Germany and Britain, said Mr Shukla.

The remaining $4.5bn came mainly from the World Bank and the Asian Development Bank.

Dutch will try to calm fears over two-speed Emu

By David Buchan and David Gardner in Brussels

THE Dutch presidency of the EC will today try to calm fears by southern Community members that it plans to leave them behind in a two-speed move to economic and monetary union (Emu).

At an informal meeting of EC finance ministers at Apeldoorn in the Netherlands, Mr Wim Kok, the Dutch finance minister, will suggest a system that would broadly allow all 12 members to take part in the final decision to create a monetary union, but limit by way of treaty "derogations", or exceptions, the role of those countries not immediately adopting the single currency.

Earlier this month, several countries, especially Italy, Greece, and Ireland, bridled at the Dutch presidency's proposal that only those countries meeting the agreed inflation and budget conditions for Emu would set the rules for managing the currency union. Greece said it feared that first-tier Emu participants might raise unilaterally the economic standard for those joining later.

Mr Kok, who said after the somewhat stormy meeting on September 9 that he was open to suggestion, seems now to have in mind a more community-minded approach, even in the final stage of Emu. But the probable price of this attempt to assuage fears is a series of derogations, delineating the rights of those inside the Emu from those outside it but also making the eventual treaty longer and more complex.

Meanwhile, the Dutch cabinet is putting the finishing touches to its proposals for EC political union over this weekend. Mr Ruud Lubbers, the Dutch prime minister, said after yesterday's cabinet meeting: "We are working on a text acceptable to all our partners."

However, it is understood that the new plan will not differ greatly from the earlier version, which has drawn criticism from the UK and more muted dissent from France.

Tokyo's Big Four try to dispel gloom

By Stefan Wagstyl in Tokyo

IN THEIR heyday the first warrants ever issued by Nomura Securities, the world's largest stockbroker, were together worth nearly $200m. Yesterday the high-risk, high-reward instruments expired, worthless.

Nomura's top 400 executives had little time to mourn the passing of this symbol of the boom in Tokyo's financial markets of the 1980s. They were engaged in all-day meetings for branch managers to debate the company's future in the midst of depression and scandal in the stock market.

Mr Hideo Sakamaki, who took over as president when his predecessor resigned in disgrace less than three months ago, delivered a powerful appeal for effort to rebuild customer confidence and trust in the market.

"Treat the market price as sacred. Don't distort it. Don't even do anything which might distort it," said Mr Sakamaki, in an implied reference to the recent scandals involving brokers paying compensation to favoured clients and allegedly manipulating stock prices.

Similar appeals were made yesterday at Daiwa Securities, Nikko Securities and Yamaichi Securities, which together with Nomura make up the Big Four stockbroking groups. Branch managers' meetings are held twice yearly and are the head office executives' single best opportunity in which to relay a message to their troops.

Yesterday the mood was bleaker than it has been at any time since the 1960s, when the securities industry endured a prolonged recession which brought Yamaichi to the brink of bankruptcy.

This week the Big Four said results for the current six-month trading period to the end of September would be the worst since 1965. Yamaichi forecast an Y12bn (£52.4m) pre-tax loss and the other companies foresaw profit declines of up to 80 per cent.

Branch managers repeatedly asked the same question: "You tell us to recover trust. But how can we do it?"

Some branches have recalled veterans of the 1960s to advise young sales staff how to cope.

The four presidents' speeches were long and full of exhortation. The main practical proposal was for branch managers to operate more independently, tailoring investment advice to local conditions and local customers' needs. But some managers said this was almost like an admission of defeat from head office. "It's as if they are telling us that they can't help us," said one.

So branch managers will have to decide for themselves which products to recommend. Warrants, which are volatile instruments entitling holders to buy shares at a fixed price at a future date, are unlikely to be high on the list.

NEWS IN BRIEF

Abu Dhabi expects to file against former BCCI men

Abu Dhabi confirmed yesterday it was expecting to file formal charges against former senior executives of the Bank of Credit and Commerce International (BCCI) who were still being detained since their arrest nearly two weeks ago, writes Richard Donkin.

A brief statement issued yesterday by Simmons and Simmons, the lawyers representing the Abu Dhabi majority shareholders of BCCI, indicated that formal charges were to be filed against 18 former BCCI executives, including Mr Swaleh Naqvi and Mr Zafar Iqbal, both former chief executive officers. The announcement was the first clear confirmation that those to be charged had been relieved of their positions in BCCI.

Kuwait agrees Eximbank credit

The US Export-Import Bank yesterday made available up to $2bn (£1.18bn) in credit guarantees and insurance for Kuwait to buy American goods and services in its war reconstruction work, writes Nancy Dunne from Washington.

The facility was Kuwait's first borrowing from an export credit agency. Others - such as one with Canada, probably next week - are expected to follow.

100 years' jail for Spanish police

Two senior Spanish police officers were last night sentenced to more than 100 years each in prison for their parts in the creation of an unofficial mercenary army to murder Basque separatists in exile in France, writes Peter Bruce in Madrid.

The trial judges, reading out their sentence last night, had accepted that the movement, GAL, on at least one occasion used secret public funds from the Interior Ministry to enable one of the men, Mr Jose Amedo, to travel to Portugal in 1986 to recruit assassins.

Dunkel sets Gatt deadline

Draft agreements liberalising world trade must be completed by the beginning of November, Mr Arthur Dunkel, director general of the General Agreement on Tariffs and Trade (Gatt), said yesterday, writes William Dullforce from Geneva.

Mr Dunkel called for a complete redrafting by November of the "blockbuster" package of provisional agreements which world trade ministers failed to endorse last December at their meeting in Brussels.

Joint action on Walvis Bay

South Africa and Namibia said yesterday they would set up a joint administration of the disputed enclave of Walvis Bay pending final settlement of the issue, Reuter reports from Windhoek.

South Africa retained control of Walvis Bay, a territory of 1,100 square kilometres (400 sq miles) which includes the only big harbour on the Namibian coast, when Windhoek obtained independence last year.

IMF delays Polish deal

The International Monetary Fund will wait for the formation of the new Polish government following general elections on October 27 before agreeing a resumption of lending, Mr Stefan Kawalec, a deputy finance minister, told parliament yesterday, writes Christopher Bobinski from Warsaw.

Poland signed an agreement designed to run till 1993 with the IMF last spring but has failed to fulfill most of the performance criteria. The Poles had hoped to have new targets in place this autumn.

Irish growth forecast as tiny

The Irish economy is forecast to grow by no more than 0.5 per cent this year, according to quarterly figures published yesterday by the Central Bank of Ireland, writes Tim Coone from Dublin.

Aston Martin chief is replaced by Ford man

By John Griffiths

MR VICTOR GAUNTLETT resigned yesterday as chairman and chief executive of Aston Martin. He was the latest in a line of "white-knight" entrepreneurs who have rescued the luxury carmaker at various stages in its 77-year history.

His resignation took immediate effect, but Mr Gauntlett, 49, insisted that he had not fallen out with Ford, which acquired a 75 per cent stake in the Aston Martin Lagonda Group in 1987.

Mr Gauntlett retains a 12.5 per cent stake in the company, while 12.5 per cent is held by the Livanos Greek shipping family.

Mr Peter Livanos, a partner with Mr Gauntlett in rescuing Aston Martin from the brink of receivership in 1981, is still on the board.

Mr Gauntlett's replacement as chairman is Mr Walter Hayes, 67, who was once editor-in-chief of the Sunday Dispatch newspaper. He joined Ford in 1961, played a significant role in launching the world motorsport programme which permanently changed the company's image, and became a vice-president of Ford US.

Mr Hayes retired as vice-chairman of Ford of Europe two years ago and was appointed to Aston Martin's board in 1990. Mr Gauntlett, who has been known to describe Mr Hayes since the Ford takeover as "my fairy godmother", welcomed the appointment.

Mr Gauntlett's resignation comes at a low point in the recent history of the company, which is based at Newport Pagnell, Buckinghamshire. It lost £1.98m in the year to December 31 1990, and the world market for luxury cars has become substantially more difficult since then.

The company has announced 135 redundancies this year, reducing the workforce to 400. It has also laid off production workers, and production of its £125,000 Virage car has been cut to three a week.

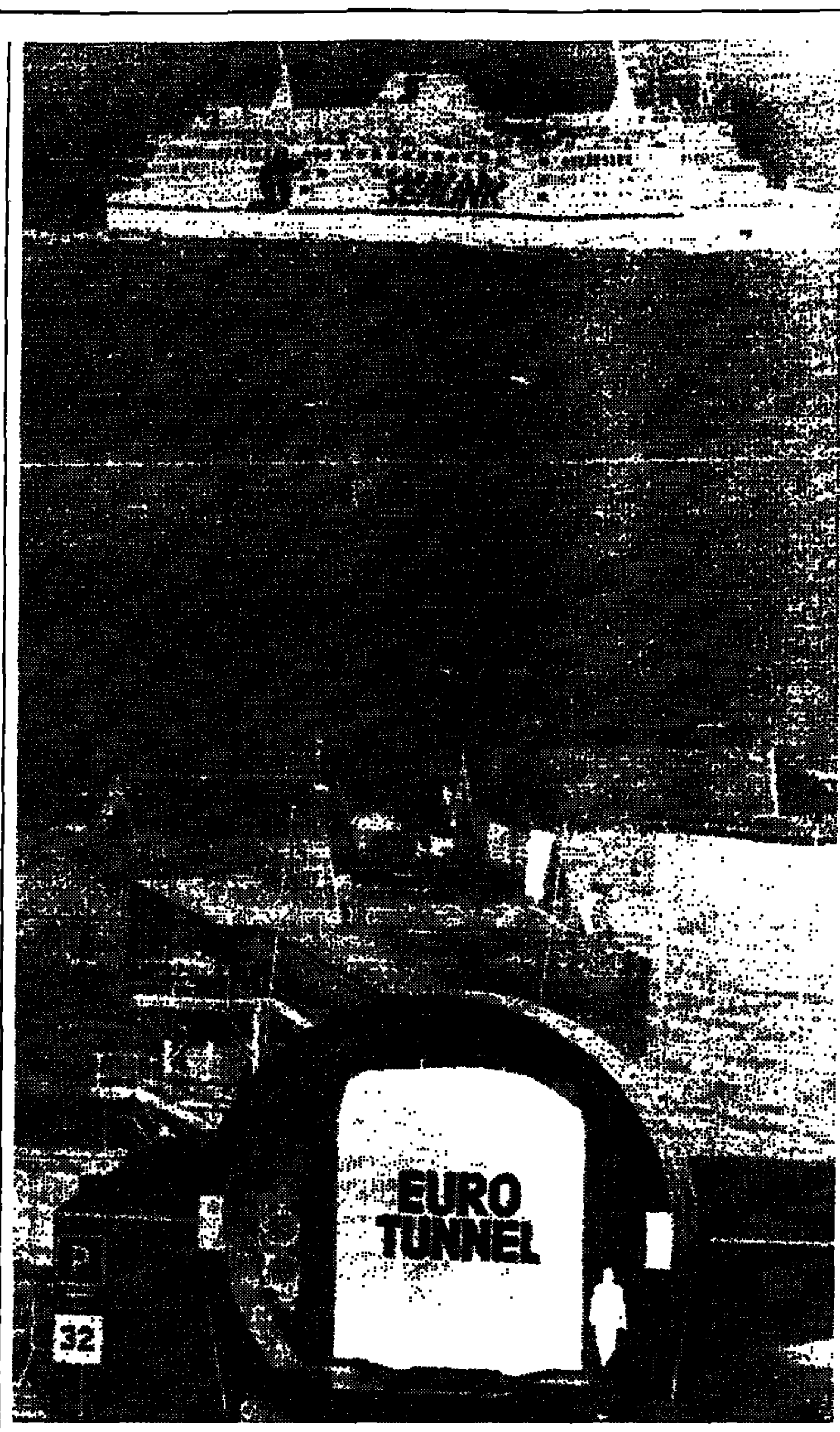
Mr Gauntlett said the decision had been one of the most difficult he had faced. "This is not just a job, it's a cause," he said.

"Nevertheless," he added, "as I told Ford in June, I felt that I have reached my 'sell-by' date as far as this company is concerned".

Mr Gauntlett expressed regret that the expansion he envisaged in the early 1980s had not happened. He had hoped to build a cheaper Aston Martin, in volumes of about 600 to 700 a year and costing about £85,000 at current prices.

Lack of investment kept the target date for the launch of such a car – codenamed Project DB1999 – rolling forward. Mr Gauntlett said yesterday that the car was closer to becoming reality than at any time in his history with the company, with a possible launch in 1994.

Mr Gauntlett expected Aston Martin under wholly Ford management to be able to stay "true to its roots" as a traditional luxury carmaker. He was not dismayed at the concept of the company's undertaking additional activities. One idea previously discussed at the time of the takeover, but not apparently followed through, was that Aston might build bodies on the platform and running gear of US Ford vehicles such as the Lincoln, but for north American markets only.



Competition: a cross-Channel ferry passes by the Calais entrance to the Channel tunnel

Rougher waters lurk below the ripples

Richard Evans visits Folkestone, which is about to lose the passing trade the ferry traffic brings

SIGNS of crisis were hard to detect in Folkestone yesterday as holidaymakers enjoyed the sunshine and the container lorries rumbled down to the docks.

But crisis there is, after the announcement by Sealink Stena Line this week that Folkestone's role as a ferry port is to end in December. After 150 years of transporting people to and from France, it will become a port without a purpose.

It is not the closure itself that has caused anger and bitterness, however. That was widely accepted as inevitable with the development of the Channel tunnel. It is the timing of the closure that has caused consternation.

Sealink always said it planned to close the Folkestone-Bologne route when the Channel tunnel opened because its relatively low volume of traffic would fall to a level where it would become unviable.

Yet the assumption was that Sealink, the only ferry company operating out of Folkestone, would be able to keep the port going until the tunnel opened around mid 1993.

Local plans for job creation and infrastructure development have been based on that belief.

Mr Mike Luck, deputy leader of the Liberal Democrat-dominated Shepway district council, which is centred on Folkestone, said: "We are bitterly disappointed that it has happened two years earlier than planned. There is little the council can do in an emergency like this. It needs much longer than three months' notice to meet such a crisis."

The impact on the town will certainly be serious. Folkestone has always relied heavily on the harbour for its commerce, and many businesses depend on ferry passengers for passing trade. Pubs and small shops around the harbour have been kept afloat by trade from some of the 568 Sealink personnel, plus another 240 at the docks, who will lose their jobs on December 31.

Unemployment in Shepway was running at 8.7 per cent before the announcement, and numbers out of work have doubled in the last two years.

Mr Luck said: "This has ripped the heart out of employment in the district, and there is nothing to fill the gap."

A further complication is that the Channel tunnel project has employed a lot of local labour, but that has now peaked and will decline in the next 18 months before the tunnel opens.

The town's biggest hotel, the Burstin, sends an average of 700 people a week on ferry day-trips to Bologne. It employs more than 300 local people and has a high occupancy rate.

Mr Tom Kililea, general manager, said the Sealink announcement was "a total disaster" for an area that had little else to keep it going, apart from tourism. "The future is not looking good in the short term," he said.

This is the key to Folkestone's position. In the medium term, with the opening of the tunnel terminal – already a big local landmark in white concrete – and the development of substantial local projects, including a marina, the outlook is good.

It is in the next three to five years that the outlook remains bleak for the unemployed and for the local economy.

Mr Tony Bertin, chairman of Folkestone's Chamber of Commerce and Industry and a local solicitor, is optimistic about the future, once the present employment crisis is overcome.

He said: "Ultimately, the plans for a marina and harbour development will benefit Folkestone much more than two ferries operating a rather restricted service, and Folkestone will be a net beneficiary from the Channel tunnel."

He also accepts that the ferry companies, Sealink Stena and P&O, have little alternative but to concentrate their resources on the short Dover-Calais route in order to provide effective competition to the tunnel, which is expected to cut fares significantly to attract volume traffic.

Dover's enclosed harbour has much better facilities than Folkestone and it is able to take the new jumbo ferries, which give economies of scale.

The best hope now lies in speeding up development plans already in hand, particularly the marina, and in pressing for more aid, possibly by turning east Kent into an assisted area.

Sea Containers, the company that sold Sealink to the Swedish Stena group 18 months ago, still owns Folkestone harbour and has put forward proposals to fill in much of the inner harbour in order to build a marina, housing, shops and other leisure facilities. A small fishing harbour will also remain.

A private bill is now before parliament and the company hopes to start work on the project in 1993 and complete it in 1995. Now that the harbour will be vacated by the ferries earlier than planned, the hope is that the project can be advanced.

It would mean not only more jobs but a spin-off throughout the local economy as companies move in to service the marina and its patrons.

The docks closure also faces the local MP with a dilemma. He is Mr Michael Howard, who also happens to be secretary for employment, and there is a feeling that if he cannot bring some solace to his constituents in the form of new jobs, he might receive a nasty shock at the next election.

As one of his constituents remarked: "Never mind Howard's Way. It could be Howard's End."

Bromsgrove Tory MP to head SMMT

By John Griffiths

SIR HAL MILLER, Conservative MP for Bromsgrove and a long-time campaigner on behalf of the motor industry, is to become chief executive of the Society of Motor Manufacturers and Traders.

He is to succeed Mr Simon Foster, who has held the post of SMMT director for the past 3½ years. Mr Foster is to be chief executive of Toyota (GB), the Inchcape subsidiary that distributes the Japanese cars in the UK.

As part of Sir Hal's appointment, the SMMT's management structure is being revised with the creation of a general manager's post to oversee day-to-day operation of the industry's operations and services.

It is to be occupied from next month Mr Geoffrey Pelling, the society's chief economist.

Sir Hal, who is not expected to stand at the next general election, will take up his appointment at the start of November.

He will take particular responsibility for external relations.

Sir Hal was first elected as MP for Bromsgrove and Redditch in 1974, and is now joint chairman of the parliamentary all-party motor industry group.

Lloyd's Names win Appeal Court ruling on evidence

By Richard Lapper and Norma Cohen

A GROUP of Lloyd's Names yesterday won a significant victory in their legal battle against the Corporation of Lloyd's, the body that organises the insurance market's affairs.

The 24 Names – wealthy individuals whose capital backs the market – were members of syndicates managed by the Oakeley Vaughan Underwriting Agency in the early 1980s. They allege that negligence by the corporation was responsible for insurance losses of more than £5m.

Yesterday three Appeal Court judges ruled that when the Names' case against Lloyd's resumes in January, the courts will be allowed to see evidence which, the Names claim, shows the extent to which Lloyd's was aware of Oakeley Vaughan's dealings.

Four underwriting syndicates managed in the early 1980s by the Oakeley Vaughan agency – now liquidated – suffered losses of £30m to £35m. More than 250 Names were originally members of the syndicates.

This is the first time in the market's 300-year history that it has been sued by Names. They allege that Lloyd's was in breach of its duties to Names under contract, statutory and common law, and are seeking damages as well as an indemnity against future claims that may be filed against their syndicate.

Lloyd's had sought to have the case focus solely on the issue of whether it had any legal duty of care to the Names. Lloyd's has denied having any such duty.

Among the pieces of evidence now to be entered with the court will be a report, commissioned by Lloyd's, into the affairs of Oakeley Vaughan. The names allege that Lloyd's never made the results available to them, and instead reassured them that its inquiries were of a routine nature.

Lloyd's said the corporation would not comment on the case but said its solicitors were studying the judgement. Lloyd's has in the past insisted that it will fight the case to its ultimate conclusion.

Oakeley Vaughan managing agency, originally part of a group which owned a Lloyd's broker, managed four syndicates specialising in aviation, marine and non-marine business. It was led by Mr Charles St George, a former Coldstream Guardsman and racehorse owner, and developed a glamorous image, attracting celebrities such as Mr Henry Cooper, the boxer, to be directors of its broking company.

The Names allege that Lloyd's knew as early as 1981 that the syndicates were breaking market regulations, among other things by "overwriting", or writing more premiums than they are allowed to do under Lloyd's rules.

Even so, it was in November 1982 that Lloyd's decided to withdraw permission from the managing agents to manage the syndicates.

BT gives customer guarantee details

BT published details yesterday of its new list of guarantees for customers, including compensation of one month's rental if faults on residential phones are not cleared by the end of the next working day, Michael Skapinker writes.

The BT Commitment, first announced by company chairman Mr Iain Vallance in July, will be sent in booklet form to all customers.

From next March, BT will offer customers a choice of a morning or afternoon appointment on a particular day. Compensation for residential users will take the form of a rebate on the next bill rather than a cash payment.

BT says it will aim to clear business users' faults within five hours. That is not a guarantee, however, and customers will be able to claim compensation only if the fault is not cleared by the end of the next working day.

Biotechnology promoted

AN INITIATIVE to encourage companies to harness the potential of British scientific expertise in biotechnology will be launched next month.

The government move was announced yesterday by Mr Peter Lilley, trade and industry secretary. The Biotechnology Means Business initiative will disseminate information about commercial opportunities in the field.

Careers link

CAREERS services in England and Wales will be steered towards partnership with local Training and Enterprise Councils from next year, under proposals confirmed yesterday by Mr Michael Howard, employment secretary.

Park authorities

THE government announced its intention to free the national parks in England and Wales from local-authority control. Sir Wyn Roberts, Welsh office minister, said it had been agreed in principle to create independent authorities for all 10 parks.

Banks 'closed'

MOST branches of four Indian banks in the UK were closed yesterday because of industrial action over a pay claim, according to Bifu, the banking union. The four are Bank of Baroda, Bank of India, State Bank of India and UCO Bank.

SNP makes hopes clear as it launches shadow cabinet

By James Buxton, Scottish Correspondent

MR ALEX SALMOND, the Scottish National party leader, yesterday announced that the party was introducing a shadow cabinet, or "government in waiting", as he moved the SNP's ambitions i o a higher gear at its conference in Inverness.

Mr Salmond said the SNP was no longer content to be an occasional party of protest. "We have the will power and the ambition to become a party of government."

Afterwards Mr Salmond said the shadow cabinet would have between 12 and 15 members chosen by himself, and would function as a team with collective responsibility. It will be announced in two weeks' time.

The leader's rallying speech at the party's conference in Inverness encapsulated the carefully prepared message delivered by the conference.

More than most party conferences, the SNP's needed this gathering to boost its public standing and, more important, to bolster members' self-confidence. The latest opinion polls put support in Scotland for the party at 19 per cent – not enough to increase its tally of seats from five in a general election. Frustratingly for the SNP, the poll indicated that 37 per cent of Scots supported independence.

The party has not managed to enthuse Scots with the parallels between the rash of states becoming independent in eastern Europe and independence for Scotland.

After several months in the doldrums, during which Mr Salmond's year-old leadership came into question, the SNP arrived in Inverness with a new slogan – Change *now* for a better life – and a new target – the daring "Scotland free by '93".

More substantially, the party announced and debated three new policies, on anti-racism, housing and industry, which are now ready for its manifesto.

The policies take the party to the left, promising the phasing out of subsidised council house sales and the renationalisation of privatised electricity, gas and buses.

"Scotland is different from England," says Mr Jim Sillars, the party's best-known MP. "People here believe that public utilities ought to be owned by the state."

Mr Salmond says the party is social democrat rather than socialist, but policies such as its support for unilateral disarmament are designed to attract Labour voters in the industrial belt of Scotland.

Yet it has to put on a different face when seeking Tory and Liberal Democrat votes in the rural constituencies of the north-east.

In the open-minded atmosphere of what was a friendly and well-run conference, a woman who argued in favour of hospitals' seeking trust status was politely applauded.

The new policies and the shadow cabinet are intended to put a more polished and united face on the party.

Call for boost in north

By Chris Tighe

WHATEVER party wins the next general election must commit itself to strengthening the north of England as a regional centre for finance, law, the arts, commerce and decision-taking, Sir Ron Dearing, chairman of the Northern Development Company, said yesterday.

In his address to the fifth annual meeting of the NDC, the economic regeneration body formed by the public and private sectors, Sir Ron said attracting more industry to the north-east and Cumbria remained a prime task of the NDC and its partners.

He said the government should help in the development of the north by pursuing the policy of Civil Service relocations and ensuring that direct grants and selective financial assistance helped to attract to the region headquarters, research centres and new service activities such as the media production industry.

Unionist anger at Ulster deaths

By Ralph Atkins and Our Belfast Correspondent

UNIONIST leaders' anger at the recent wave of terrorist killings in Northern Ireland yesterday overshadowed attempts to restart "round table" talks on the province's political future.

Mr Peter Brooke, Northern Ireland secretary, has also come under pressure to improve security for employers in Northern Ireland after the IRA murder of Mr John Haldane, chairman of one of the province's biggest builders.

An hour-long meeting between Mr Brooke and Mr James Molyneaux and the Rev Ian Paisley, leaders of the Ulster Unionist and Democratic Unionist parties respectively, was described by a government spokesman, in unusually frank terms, as "periodically hard-hitting".

Afterwards Mr Molyneaux said the surge in murders by the IRA and loyalist paramilitaries was "the most important subject as far as the people of Northern Ireland are concerned".

Both Unionist leaders were willing to meet Mr Brooke again to discuss how the cross-party talks which ended in July might be repeated – but were eager to set fresh demands.

Mr Molyneaux said talks on government in the province should take place in London among the province's elected MPs, which would exclude the small Alliance party.

Oil revenues wasted, Labour says

By Ivor Owen, Parliamentary Correspondent

LABOUR leaders accused the government yesterday of "squandering" the £93bn received by the Treasury from the North Sea oil industry.

Mr John Smith, shadow chancellor, said the bonus should have been used to bolster investment in manufacturing and improve education and training. Instead, he said, it had been frittered away.

Mr Smith denied seeking to muzzle Mr Robin Leigh-Pemberton, governor of the Bank of England, after his speech this week in which he indicated that the recession was ending, and emphasised: "My criticism was that his assessment was wrong".

Mr Frank Dobson, shadow energy secretary, contrasted the government's failure to use North Sea oil revenue on measures to strengthen the economy with the expenditure incurred through its high-interest-rate policy and other measures. He said £76bn had been spent on unemployment benefit, £10bn on "tax cuts for the rich" in the 1988 Budget, and £10bn on "easing the pain" of the poll tax.

Mr Dobson said that since 1979, Britain's share of world trade in manufactured goods had fallen from 9.1 per cent to 8 per cent, while manufacturing investment, in terms of constant prices, had declined.

Archbishop of Canterbury's comments stir the election pot

Alan Pike on how Dr George Carey unwittingly set himself against Conservative politicians with a throwaway remark

THE ARCHBISHOP of Canterbury, Dr George Carey, spent Thursday evening delivering a lecture on education to a meeting of secondary school headteachers in Chester.

Its nine closely typed pages contained long references to the history of the Sunday school movement, society's blindness to the spiritual dimension of life and the future of church schools.

The lecture also included a few lines in which the archbishop blamed social deprivation for the recent inner-city disturbances in Newcastle upon Tyne.

By yesterday, those remarks had made the speech into the archbishop's most publicised comments since his enthronement in April and given him his first experience of the spiral of angry reaction – largely predictable but completely uncontrollable – that periodically engulfed his predecessor, Dr Robert Runcie.

Mr Kenneth Baker, home secretary, who blamed the riots on a blurring of right and wrong, said in a radio interview that he had been waiting in vain for a senior church leader to condemn the acts of violence. The Bishop of Oxford, the Rt Rev Richard Harries, provided an instant response with a statement that he had condemned criminal acts in several interviews during this month's Oxford disturbances. The bishop then took the opportunity to widen the debate into an attack on government support for seven-day trading.

Mr Neville Trotter, the Conservative MP whose constituency includes the area in Newcastle upon Tyne where the riots took place, invoked the language of Dr Carey's more distant predecessors to blame the disturbances on Evil Man.

Mr Chris Patten identified "human wickedness" as the main cause but later – perhaps with a Conservative party chairman's eye on the possible electoral implications of offending religious voters – added that Dr Carey was an old friend and a good and holy man.

The bishops of Newcastle and Liverpool made clear that they supported the deprivation theory. The chief constable of Thames Valley police, whose force policed the Oxford disturbances, let it be known that he did not.

Dr Carey, meanwhile, emphasised yesterday that he had not been seeking confrontation with the government. The evidence points in that direction – not only did the deprivation comments form a tiny part of his speech, they were unmentioned in a Lambeth Palace press release distributed with the text.

Mr John Major, the prime minister, who, like almost everyone else, became drawn into the controversy yesterday, took a more relaxed view than some of his party colleagues. He said that he admired the archbishop, met him often, and added: "I think it's a very bad idea for politicians to tell the church what to do."

Why did the archbishop's comment provoke such furious reaction? The answer is to be found in the prevailing atmosphere of an undeclared general election campaign. In such highly charged circumstances, comments by the archbishop of Canterbury on social issues or – as Mr Robin Leigh-Pemberton discovered 48 hours earlier – the governor of the Bank of England on economic ones quickly adopt larger-than-life proportions.

During the 1980s, Church of England criticism of government policies made some Tory MPs increasingly sensitive and angry. Hence the regular calls, repeated yesterday, for its leaders to restrict their comments to moral rather than political issues. The difficulty is that, so far as most clergy are concerned, poverty, deprivation and the causes of riots are moral issues.

TUC seeks to soothe Japanese

By Diane Summers, Labour Staff

MR NORMAN WILLIS, general secretary of the Trades Union Congress, attempted to smooth relations between Japanese inward investors and British trade unions yesterday.

The move follows a controversial resolution passed at the TUC's annual congress in Glasgow this month condemning the "alien approach" to trade union organisation of some Japanese companies.

Mr Willis said the TUC welcomed Japanese investment and would "continue and intensify its work in creating an orderly, respected process which can assist inward investment to bring much needed jobs and expansion to Britain".

Single-union deals, favoured by some Japanese companies, caused difficulties for the TUC, he said.

"But, in the real world, better that, of course, than insisting on a non-union basis of operation," he told a conference of senior personnel managers in London.

Mr Willis was speaking in public for the first time since the TUC resolution.

Mr Gavin Laird, general secretary of the AEU engineering union, warned delegates at the Glasgow congress that the wording of the resolution could be seen as racist and would send a negative message to potential investors.

The issue is particularly sensitive because the AEU and four other unions are competing to represent workers at the Derbyshire plant being set up by Toyota, the Japanese car manufacturer.

Mr Edmund Dell, president of the London Chamber of Commerce and a former Labour trade secretary, who was also a speaker at yesterday's conference on employment in the European Community, said that the TUC's resolution had been "absurd, ridiculous and damaging". He said it would have been better if it had not been passed – Mr Willis would then not have needed to "rush around explaining it all away".

Mr Willis said that no Japanese company had contacted the TUC to complain about the resolution, although he had spoken informally at a reception to Japanese managers who had been "asking what that [the resolution] was about".

Tony Andrews

Looking east: Norman Willis said single-union deals were better than no representation

Telecoms group to shed 1,100 jobs

By Michael Skapinker

GPT, the telecommunications manufacturer, is to make 1,100 of its 18,000 employees redundant after a fall in orders for public exchange systems.

The company, which is jointly owned by GEC of the UK and Siemens of Germany, said the cuts would occur at a number of locations. It would not say when the redundancies would take effect or how many would be compulsory.

MSF, the manufacturing, science and finance union, blamed the job losses on BT's "haphazard" ordering strategy since it was privatised.

"British Telecom's ordering strategy has left its supplier, GPT, with a huge state-of-the-art investment programme and no market for its products," said Mr Andrew Miller, an MSF regional officer. "This has left GPT without a strong home market and therefore it is less likely the company will succeed in marketing its new high-tech products abroad."

He added: "GPT is therefore being forced to make redundancies while it has a huge productive capacity and potential for new product development."

Air price war may hole the bucket shops

David Churchill and Andrew Jack on BA's move to cut its US fares

BUY AN economy British Airways return fare to New York today for travel next week and it will cost £578. Give a week's notice, and an Apex fare for the same journey will cost £389. But wait until the beginning of next month, and any high street travel agent will sell – with BA's blessing – the same ticket for £270 or less.

BA's decision this week to officially recognise the unofficial practice of selling unsold airline seats at a discount heralds the start of the fiercest airline price war ever on the crucial North American routes.

The cause is the threat to BA's traditional 40 per cent market dominance across the North Atlantic from new competition from airlines such as United and American. The arrival of these aggressive competitors – replacing the troubled Pan Am and TWA airlines – has coincided with the effects of the Gulf war and recession on both sides of the Atlantic, which have meant airlines flying with loads at least 4 per cent down on this time last year. There is simply too much capacity chasing too few flyers.

For consumers, that means that flying to New York and some other US destinations has never been cheaper. It might also spell the end of the "bucket shops" – the shady world of cheap airline ticket outlets that have traditionally provided budget-conscious travellers with the cheapest possible air fares.

The term "bucket shops" was first coined at a trade conference in the early 1970s and comes from an old Stock Exchange expression for selling almost worthless shares "by the bucketful".

The somewhat underhand way in which such airline tickets were sold originated after the post-war establishment of international conventions regulating air travel and fares. The reason for them was to improve safety standards, but one effect has been to keep prices artificially high on many routes.

The introduction of larger aircraft, such as Boeing 747s, in the 1970s meant that most airlines were unable to fill every seat at regular prices. Virtually all airlines were prepared to make available unsold economy seats, even though it was ostensibly illegal, to so-called consolidators – agents who were prepared to take a risk on buying and reselling them at a profit.

Because many of the earliest discounted tickets were made available to ethnic groups seeking to visit their native country, bucket shops earned a reputation for being set up above shops in Chinese or Asian communities. The relative lack of sophistication of customers also provided ample opportunities for unscrupulous operators, creating a poor image for the business.

In reality, most high street travel agents have had access to discounted air fares for many years but have been reluctant to promote them for fear that it would damage their mainstream business.

However, other specialist operators such as Trailfinders and STA Travel have entered the market, offering a reputable service from high street locations. Mr Tony Russell, deputy managing director of Trailfinders, believes that the public is more aware of the risks of going to discount-seats operators that are not members – and therefore not bonded – of either the Association of British Travel Agents or the International Air Transport Association.

So successful have discounted-ticket operators become that estimates suggest that about 7m passengers on outward flights from UK airports each year are travelling on tickets costing up to 70 per cent off the published price.

Reputable discount-seat operators believe that the BA move is more of a publicity gimmick than a real incursion into their territory. They point out that broking seats at such narrow profit margins requires extensive experience of the market not available to most travel agents.

BA, however, believes that the increasing technological sophistication of travel agencies means that any of the approximately 7,000 high street agents can easily tap into its computerised Link reservations system to establish the availability and price of discounted seats, thus reducing their financial risk.

For consumers, the BA move reinforces the concept that cheap fares are available, although there are usually significant restrictions which make such fares attractive only to travellers without fixed time commitments. Thomas Cook's best price yesterday to New York, for example, was £291 return, flying on Kuwaiti Airways, but only on restricted days and for a limited period.

Other fares to New York on BA show the wide variation that still exists: ranging from £249 from American Fly Drive through to £279 from USAirtours. Although BA expects to sell its excess seats at a retail price of about £270, some agencies are rumoured to be prepared to cut the price to about £200.

Discount-seat operators, however, warn that bargain fares are available only to travellers who can be flexible in their arrangements. They admit that seats are not always available at the advertised low prices. The Consumers' Association warns against agents who say no cheap seats are left and try to sell tickets at higher prices.

In the short term, most travel industry analysts expect the discount price war to be short and sharp, making the next few months probably the best time to travel to the US. In the longer term, however, BA's decision to bring discounts into the open may lead to continued pressure for lower fares in Europe as well as across the Atlantic.

Crane crashes through Wren church roof

By Andrew Jack and Andrew Taylor

A 300-YEAR-OLD Wren church in the City of London suffered serious damage yesterday when a 100-ft crane collapsed and crashed through its roof. Architects at the site said that repairs to St James Church, Garlickhythe, built in 1682, would take more than a year to complete and might cost more than £1m.

No one was hurt except the crane driver, who escaped serious injury when he jumped clear as the crane fell. He was later released from hospital.

The crane was working on an £80m 10-storey office development in the City near Southwark Bridge. The accident happened about 7.30am, an hour after work had begun on site.

"At this stage we do not know why this happened," said Laing Management, the contractors, part of the John Laing construction group. "A thorough investigation is underway." Both Laing and the Health and Safety Executive will produce reports on the incident.

The area was sealed off, causing serious traffic congestion. City of London police said they expected a stretch of Upper Thames Street to remain closed until Monday morning while the crane is removed.

Inside the church the damage was severe. A buckled part of the collapsed crane lay surrounded by splintered wood and dust. The original 1682 pews were destroyed, and and all that remained of a £75,000 English crystal chandelier was the chain that used to support it.

The crane also crashed into burial areas below the church.

"It's devastating . . . awful," said the Rev John Paul, the rector, who learnt of the accident at 7.45am. "I've almost lost my voice and I'm still in a state of shock. My mind keeps going back to the thought that thankfully no one was hurt."

Mr Michael Giles, an interior designer who had only recently finished a £250,000 restoration project on the church, said: "This is tragic."

He said it was too early to tell how seriously the roof had been affected, and added: "It is a miracle there was not more damage." The destruction was similar to that caused when an unexploded bomb crashed through the roof of the church during the Second World War in 1941.

The crane avoided the main rafters in the roof and passed between the two main support pillars on the south side of the church. Several feet below the hole, an original Charles II coat of arms remained intact.

The church is home to the traditionalist Prayerbook Society, and uses only the 1660 Book of Common Prayer in its services. It was also where Prince Charles made his speech in 1989 on the deterioration of the English language.

US clothing company joins mail-order market

By John Thornhill

LANDS' END, the US mail order group, is to set up business in the UK with a distribution centre in Surrey.

The move by Land's End makes it the latest of a series of international entrants to the market.

The demands of expatriate Americans sending home for Lands' End's distinctive monogrammed collection of Ragg Sweaters and Hyde Park Oxford button-down shirts persuaded it to establish a distribution centre in the UK, the company said.

Lands' End was founded in 1963, and expanded rapidly in the US mail-order market, carving out a niche at the upper end. Its sales have grown from $16.5m in 1980 to $604m (£350m) last year.

Lands' End becomes the second big US mail-order group to enter the UK market. L.L. Bean, a long-established US operator, moved into the UK earlier this year.

Competitors from continental Europe have also been attracted to the UK mail-order market.

In March, Otto Versand, the large German retailing group, bought the Grattan business from the hard-pressed Next for £165m.

It is also believed that a Continental retailer will soon emerge as the winner of the current auction to sell the Littlewood's mail-order business.

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700
Weekend September 21/September 22 1991

Looking past the recovery

THE BANK of England is not yet independent. Mr Robin Leigh-Pemberton remains a politically appointed servant of the crown and the UK is mired in a phoney election war. Little wonder, then, that his observation that the recovery was under way, in itself neither interesting nor particularly controversial, was deemed by the opposition to be wildly partisan. That is, after all, its job. The governor has a job to do also: not to be an economic pundit, but instead to keep reminding all who will listen that the battle against inflation will only be won when UK inflation has been brought down to the lowest European levels and kept there. This was the message of his speech this week. It was a good speech. He should deliver it again and again.

Labour's annoyance at the governor's comments was, in any case, over-done. So far, economic recovery is something talked about only by some economists and the occasional speech-writer. Voters are probably not very impressed either way.

The frenetic campaigning of the last week indicates that the government is determined to be ready to pounce when the economic numbers and polls point to a Conservative victory. And Labour will not be caught on the hop.

Yet the economic data still suggest that the election may come later rather than sooner. There is a growing feeling that the economy is beginning to turn in the government's favour, hence Labour's annoyance at the governor's comments. But the risk of unwelcome bad news may remain too high.

Last week's economic data argue for continued caution. Manufacturing output rose in July for the second consecutive month. Output was higher in the three months to July compared to the previous three months, a clear sign that the recession is ending.

Consumer uneasiness

Yet overall production was 4½ per cent lower than a year ago; and companies are continuing to reduce their financial deficits by reducing investment and employment. Unemployment is still rising at too fast a rate, particularly in the south, for the government to feel comfortable about going to the polls. More important, the combination of rising unemployment, high real interest rates and rising house repossessions continues to shake consumer confidence. Retail sales fell sharply and unexpectedly in August, after two months of growth.

A sustained rise in consumer spending is also a pre-condition of a recovery in business spending. The stock market has climbed by 21 per cent this year in anticipation of a recovery in profits; and a renewed bout of takeover activity may signal higher confidence, at least among City predators. But last week's mixed economic news did not inspire the market, with the FT-SE 100 index closing down 1 per cent on the week.

Perhaps stock market analysts have read the entire text of the governor's speech, rather than the Downing Street sound-bites. The onset of recovery is all well and good, he argued, but "the crucial concern now is that recovery should be sustainable".

Wage bargaining

Much depends on the attitude of wage bargainers. Pay settlements in manufacturing are falling faster than expected: the Confederation of British Industry expects settlements in the third quarter to fall below 6 per cent. Slower growth of average earnings and a pick-up in productivity have cut the growth rate of unit labour cost in half in just three months.

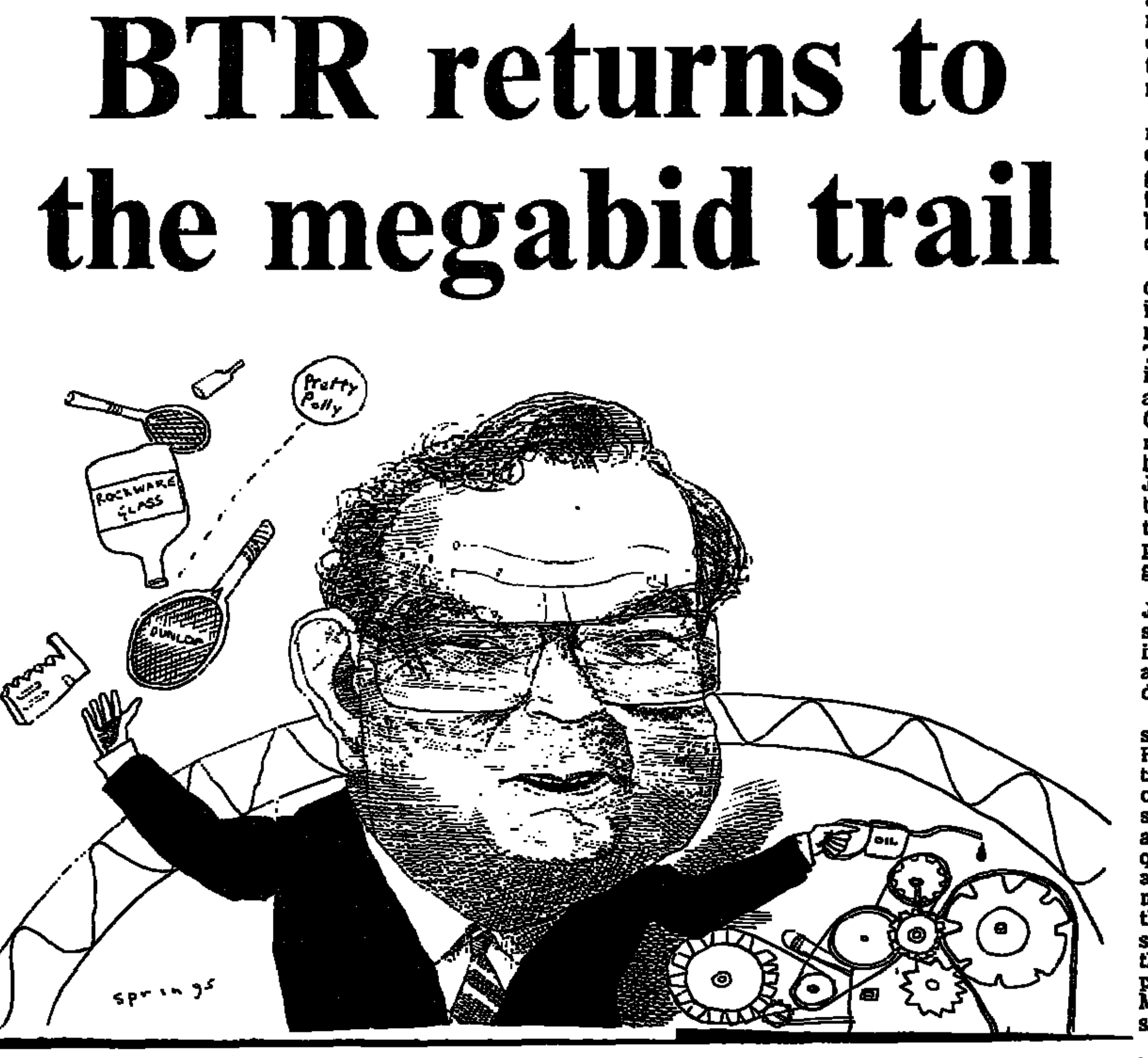
Yet this is no reason for complacency. UK pay settlements may be below those in Germany at the height of the German boom. But German inflation is unlikely to remain above 2 per cent for very long. The fact remains, as France can testify, that UK pay settlements have probably only fallen about half as far as they must if British industry is merely to hold its ground in the ERM, let alone to offset the losses of the past year. On present trends, the growth of UK average earnings must fall to below 5 per cent and pay settlements to 3 per cent next year. Their lowest levels in the 1980s were 6.9 and 4.8 per cent respectively.

The ERM makes a continued fall in pay settlements not just desirable but inevitable. It will occur through squeezed profits and rising unemployment unless the pattern of UK wage bargaining changes. There is little sign of a change so far. The rise in unemployment in the current recession is so far almost identical with what happened in 1980-81. But in 1980, the level of pay settlements fell by 41 per cent compared to 25 per cent since June of last year.

The recovery may well be with us. Mr Major will surely hope so. But it is too early to celebrate. The adjustment to the harsh facts of life within the European exchange rate mechanism has only just begun. The recovery may well be long, slow and unexciting.

Tony Jackson on the UK conglomerate's £1.5bn offer for Hawker-Siddeley

BTR returns to the megabid trail



Mr Alan Jackson, the new Australian chief executive of the industrial conglomerate BTR, has the air of a vindicated man. Last December he made the blunder – as he now describes it – of telling the press that he was going for a big acquisition. "I've lived with that for nine bloody months," he said yesterday. "But I think this one should suit."

The one in question, yesterday's £1.5bn hostile bid for Hawker-Siddeley, should be big enough for anyone. It is also, according to Mr Jackson, a classic case for the BTR treatment: a business with good products, market shares and technology, but short of management and capital investment. Put in the right people, drive costs down, and you have a re-run of great BTR acquisitions of the past such as Dunlop and Thomas Tilling.

Be that as it may, the bid is not quite as advertised. Under Mr Jackson, BTR has been out to change its image from pure industrial manager to a more aggressive asset broker in the Hanson mould. But there seems little scope for asset-stripping here. "I wouldn't expect to be disposing of much," Mr Jackson said yesterday. "The whole objective is to manage this group."

Similarly, BTR has always laid great stress on price rises as a way of improving margins in the businesses it acquires. But many of Hawker's markets are so brutally competitive as to make that out of the question.

It is also rather unexpected that BTR should be assaulting a grand old name of British industry in this fashion. Its highly public failure to take over just such another famous name in 1986, the glassmaker Pilkington, is still a sore topic for the company. So is last year's equally public and abortive bid for the US group Norton. It can scarcely afford to fail again.

The resulting puzzlement was neatly reflected yesterday in the BTR share price. The market is well aware that acquisition is BTR's lifeblood. The promised bid has been awaited with corresponding impatience. But when it was duly revealed yesterday, BTR's share price fell by 3 per cent.

Mr Jackson, naturally enough, disputes all this. The failure to secure Pilkington and Norton does not mean that BTR must get Hawker at any price. "We lost both opportunities, in my view, because our character came through very clear – that we weren't prepared to pay too much."

Nor is Hawker an unexpected target. "We see it as nothing more than a business like others we've acquired. It's had a long history of disappointment. Back in 1985, Dunlop was another company which the market was convinced couldn't perform. And yet there was underlying technology and process there, and its performance became very satisfactory for us. We see this one as an extension of that."

But what is the scope for price increases? "We wouldn't know that. We're not close enough to it, and won't be until we get in and look at the management and review the businesses. We find that with most of the operations we've acquired in the past there's been something on price, but mainly it's been to do with manufacturing cost reductions. A fair percentage of that is generally associated with the necessity for capital investment. It's not uncommon in our experience with this type of company to find they've been starved of very crucial capital spends."

The charge is disputed by Hawker. Its chief executive remarked acidly yesterday: "The question for us is not doubling the spend, but spending it smartly." But for Mr Jackson, the point is crucial.

"Our style of profit planning involves our managers sitting down with the day-to-day managers of each of the operations and talking about their business. Without exception, when you're talking to the guy who has been starved of his capital investment, he knows exactly what he needs to get productivity up and manufacturing costs out. We encourage him to bring that forward in these conversations – to tell us what he really wants. That's the most motivating thing for managers generally. Manufacturing people love to have state-of-the-art equipment."

When the bid was duly revealed yesterday, BTR's share price fell by 3 per cent

But there is no question of Hawker being treated in a hands-off fashion. "It's very, very important for us that we only move on something when we've got the management resource in place. The key to BTR's past success is the ability to grow margins fast, and that's happened because we've been able to move the management in very quickly."

This naturally raises the question of how far down the Hawker organisation the heads would roll. Again, Mr Jackson says, he doesn't know yet.

"The first thing we'll do is go out and visit the plants. We'll try to visit all the major operations within the first few weeks. Out of that will come an opportunity to talk to the very top management and the operating chief executives of these businesses. Out of that emerges the layer of management which is ongoing.

"Normally, that's middle management. We usually find middle managers extremely strong. They're the guys that know the business. They're the ones who will react to positive business plans and will enjoy the opportunity to be decision-makers."

In Mr Jackson's repeated insistence on cost-saving as the key to margin improvement, there is a hint of internal conflict over BTR's philosophy. The group's past insistence on price increases is legendary. FT journalists are used to being quizzed by Sir Owen Green, BTR's chairman, on why the newspaper's cover price is not doubled overnight. Mr John Cahill, Mr Jackson's predecessor as chief executive who is still on the board, did just that with the prices of a US car components manufacturer which the group acquired in 1989.

"I'm not sure what John did," Mr Jackson says cautiously. I can only say from experience that margin improvement in the businesses we've acquired hasn't generally been price-driven. It's been efficiency-driven."

It is not clear if there is enough scope for increased efficiency in Hawker's operations for BTR to cover the cost of acquisition in the first year of ownership. The market leans to the sceptical view that if not, BTR will be able to make good the shortfall by quarrying the rich seam of acquisition accounting. In the old days, BTR might have been thought less likely than most conglomerates to resort to such methods. But as the furore over the methods used to inflate its interim profits a fortnight ago demonstrated, Mr Jackson is seen as more aggressive in this field as in others.

Throughout all this, Mr Jackson is keen to dispel the idea that Hawker is essential to BTR's future. As he points out, BTR made three acquisitions in 1989, and has made three substantial ones this year already: Continental PET in the US for $150m, Smorgon, an Australian glass company, for A$170m, and the UK glass maker Rockware for around £200m.

He concedes, though, that Hawker belongs to a series of mega-deals that takes in Thomas Tilling in 1983, Dunlop in 1985 and ACI of Australia in 1988. If he gets it, will it be enough for the foreseeable future?

"*When* we've got it," he says firmly, "we'll be busy for up to six months correcting it. Beyond that, we wouldn't want to speculate on what we do next. But this'll keep us out of mischief for a while."

A diversification too far

Andrew Baxter examines Hawker-Siddeley's 'albatross'

It is rather easier to become sentimental about the public image of Hawker-Siddeley – a great British engineering institution whose heyday was an era when cars were called motors – than to wax lyrical about the present company.

For the public, Hawker was the company which produced the Hurricane fighter aircraft, the Armstrong Siddeley car, and, in the 1960s, the Harrier jump-jet. Few remember that the company's UK aerospace interests were nationalised in 1977.

City types with long memories might recall that the company was one of the first constituents of the FT Ordinary Share Index, which began in 1935 – the same year that Hawker was formed from a collection of famous names such as Armstrong Whitworth and Gloster Aircraft.

Hawker shared a place in that index with other manufacturers which have long since lost their independence – such as Austin Motor – and several more that have not, notably GEC, GKN and Vickers.

For younger brokers, though, Hawker is a rather boring hotchpotch of electrical businesses which failed to take advantage of the good times in the mid-1980s and – uniquely for a big British engineering concern – came out of the 1980s in much the same shape as it went in.

The Hawker-Siddeley that emerged from the Callaghan government's nationalisation programme has found it hard to live up to some of the great achievements of its past. The disadvantages of a deeply-ingrained engineering culture, according to most observers, more than outweighed the benefits.

By the mid-1980s, the strong reputation of products ranging from small motors to locomotives and heavy electricity supply equipment was offset by backward manufacturing techniques and a confused organisational structure.

A £300m campaign of spending in the late 1980s to move away from mechanical to electrical engineering products seemed only to exacerbate a problem that Hawker's forbears might have found hard to comprehend. In global markets, the company was simply in too many businesses to maintain its market shares and finance the technology advances needed to remain competitive.

Mr Tim Sallit, a main board director of Hawker-Siddeley until he retired last year, says the board was aware eight years ago that it had to dispose of non-core businesses and buy others to generate cash.

"Yet only five years ago diversification was being hailed by the outside world as our strength. It is now seen as the company's albatross," he adds.

In May 1989, the task of taking Hawker into the 1990s with a more focused product line, an updated attitude to manufacturing and a more cohesive approach to developing management skills was given to Mr Alan Watkins, who had made a name for himself at Lucas Aerospace.

A few months after settling in, Mr Watkins made it clear he was not too impressed by much of what he had seen, and set in train a strategic review of the entire business.

Unfortunately, while mapping out the future for Hawker – reshaping it, reducing costs and beginning what Mr Watkins calls a "massive amount of internal training" – the new managing director and his team have had to grapple with the short-term effects of the recession.

Consequently, the disposals that Hawker might have been able to make in a better economic climate have either been delayed or proved impossible. It has not been for want of trying – there have been plenty of discussions, says Mr Watkins.

Mr Watkins is clearly irritated by a bid that comes about two years into an extensive five-year restructuring plan, and says he is the sort of person who derives satisfaction from taking a job through to its conclusion.

In retrospect given the recession, he says, he would have liked to have begun the restructuring three or four years earlier. So was 1989 too late for Hawker to bring in an outsider? "That is bound to be a reasonable accusation," says Mr Sallit.

The bandwagon rolls again

Britain is the last adventure playground for corporate predators, writes John Plender

Nine months ago the City of London's great stage army of takeover specialists was wringing its hands over the dearth of bid activity. Today the fee income of banks, lawyers and a wider supporting cast that makes its living out of the peculiarly Anglo-Saxon habit of deal-making stands to be greatly enhanced by a sudden spate of bids, both agreed and contested. The combined value of three high-profile offers this week amounted to more than £2½bn in cash and paper. What has caused the takeover bandwagon to roll again? And are we at the start of another bid boom that could ultimately rival that of the late 1980s?

In theory businessmen might be expected to buy assets indirectly through takeovers when share prices are low and to invest directly in physical assets such as plant and machinery when stock markets are high. In practice, they obey their instincts and follow the logic of individual deals. That appears invariably to mean that there is a cyclical increase in takeovers when shares turn up in anticipation of recovery while profits remain down in response to recession.

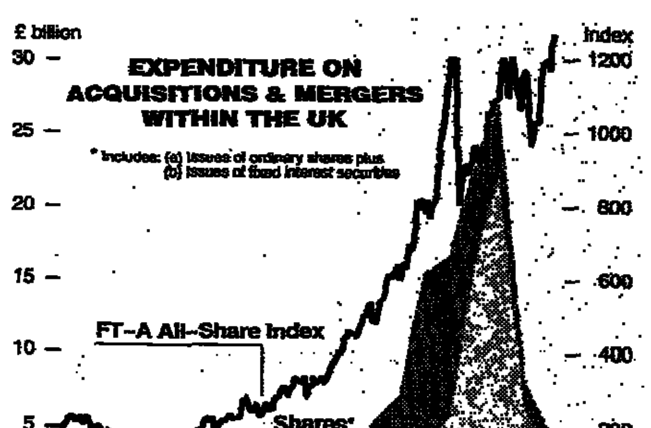
Hence the latest flurry of bid announcements. Corporate opportunists are on the march; and it has, as in the past, been a case of rounding up the usual suspects. The acquisitive conglomerates such as Hanson, BTR and Williams Holdings are at the forefront of activity, having rediscovered a confidence that was lacking at the start of the year when the Gulf war was still looming.

But to the innocent observer such bargain-hunting might seem to beg the question. Will the bid targets really turn out to be bargains? If the governor of the Bank of England is right that the economy is finally moving out of recession, takeovers may be becoming less risky on the basis of enhanced profit prospects. Yet this is likely to be a less accommodating economic recovery than its immediate predecessors.

One reason is Britain's entry into the European Exchange Rate Mechanism. UK wage inflation has been running well above the average ERM level, implying deteriorating competitiveness against Britain's partners in the Community. The longer it takes for UK wage inflation to converge with Britain's European partners, the more protracted will be the period of low growth and disinflation. For that reason alone it will be a longer, harder slog to improve the profitability of British manufacturing – a point that must be of relevance to bids such as BTR's for Hawker Siddeley.

Equally problematic is the unprecedentedly high level of indebtedness in the personal sector, which points to a very gingerly return of consumer confidence. That is none too helpful to the housebuilding interests of Hanson's target Beazer. Nor does Beazer's US aggregates subsidiary, Koppers, look one of the most obvious beneficiaries of US recovery since demand for its products partly depends on infrastructure spending. Such spending will not be easy to finance in a country with a $340bn budget deficit that is subject to calls for pruning.

But these are questions that may worry mainstream industrialists more than mainstream predators. There is a widespread assumption in the stock market that Hanson, BTR and Williams are all obliged to take a risk on recovery whether they like it or not, because they are heavily dependent on acquisitions to generate significantly increased earnings. In other words this week's takeovers may be less a matter of new-found confidence than ever-present compulsion.



That is not to say that the risk of inadequate real profitability from new acquisitions cannot be reduced. The extreme latitude offered by British acquisition accounting and flabby auditing means that any UK predator can legitimately generate unreal profits by recording the target company's assets in its books at so-called fair (ie: unfair and artificially depressed) values. Subsequent sales, whether of goods or subsidiaries, can then yield artificially high profits.

More genuine gains can be derived from financial engineering. Hanson, for example, will be able to reduce the interest costs on Beazer's substantial debt simply by refinancing borrowings on the basis of its own stronger credit rating. There may even be some genuine operating efficiency gains to be had from these acquisitions. But if the bidder overpays – and there have been suggestions that Williams Holdings' opening bid for Racal Electronics already looks high, as does BTR's offer for Hawker – the benefit of those gains will accrue in advance to shareholders of the target companies rather than those of the predator.

How far, then, will the bandwagon roll? Certainly not as far, in the short and medium term, as the takeover boom of the late 1980s. As the chart clearly indicates, takeover activity reached historically freakish levels in the second half of the 1980s, with cash bids accounting for a disproportionately large share of the consideration. That partly reflected excessive expansion of money and bank credit, which continued after the stock market crash of 1987 when banks looked to would-be predators as a lucrative new source of business, with devastating effects in liberal Anglo-Saxon capital markets.

Today the banks are more cautious and their balance sheets are constrained by the new capital adequacy rules imposed under the aegis of the Bank for International Settlements. Junk bonds, which financed many of the excesses of the 1980s boom, are not on offer. Many of the biggest takeover operators – Australian entrepreneurs, newspaper tycoons, growth-hungry retailers – have gone bust or pulled in their horns. More orthodox industrialists are still too busy managing their way out of recession to have time to contemplate acquisitions.

For the moment, then, this looks like a more normal takeover cycle. But with three obvious differences. One is that the main predators have grown bigger since the earlier 1980s and need bigger acquisitions to keep up their growth momentum – hence Hanson's declared interest in ICI. Another is that the post-Big Bang City has taken on a level of overhead that can probably makes sense only on the basis of another frenetic surge in takeover activity. And most other countries have clamped down on contested bids, leaving Britain as the last adventure playground for predators.

The academic evidence that takeovers contribute much to economic efficiency remains wholly inconclusive. But the vested interests in a perpetually rolling takeover bandwagon are so overwhelming that by the mid-1990s, barring a Labour government, the momentum could well be frenetic once more.

"We do not think about what will happen tomorrow. We do not think about what will happen when this war is over. Only one thing is certain: relations between Croats and Serbs will never be the same again. The hatred is very deep" – Vesjna Latinovic, 25, a Croat born in Zagreb

Judy Dempsey talks to Croatian residents about the bitter mood in Yugoslavia

The wounds run very deep

Darko, an engineer aged 35, was also born in Zagreb. Last month, he joined Croatia's National Guard. Two weeks ago, he was injured in the stomach when his unit was ambushed by Serbs near Sisak, south of the capital. He is very angry. "Once I have recovered, I will return and fight."

"But why? You are lucky to be alive."

"Next time, I will wipe out every Serb living in those villages. I want revenge."

***

Sorica is a philosophy student at the University of Zagreb, and she is also angry – though more with the Croatian government of President Franjo Tudjman than with the Serbs, with which Croatia is now engaged in a deepening civil war. She comes from Erdut, a small town in Slavonia, eastern Croatia – an area where Serbs, Croats and other ethnic groups live cheek by jowl and which has been the centre of recent heavy fighting. The town, which is 60 per cent Croat, 15 per cent Hungarian, and the rest Serb, was heavily bombarded last month by Serb militants and the federal army.

"My father's library has been destroyed. My uncle's art collection is in smithereens," she says. "Neither the people of Zagreb nor the government has any idea what it is like out in Slavonia. Tudjman has made many mistakes.

"He saw what the army was up to in Slovenia. He saw what the Serbs did to the ethnic Albanians in Kosovo. Why did he not arm the Croats? Did he think he could defend us by waving flags and reviving nationalist symbols? Why did he not defend us properly?

"I am very angry with the government and the people of Zagreb. You see, it is the people of Slavonia who will have to pick up the pieces after all this fighting is over. How will Serbs and Croats live together there again? The entire social fabric in Slavonia has been destroyed."

***

"We made many mistakes," a former adviser of President Tudjman acknowledges. "Militarily, we should have prepared ourselves. But we should have politically disarmed the Serbs in Croatia by promising them cultural autonomy and rights."

Serbs make up 12 per cent of Croatia's 4.5m population. Many settled and were assimilated in Croatia following waves of migration which began back in 1389 when what is now Yugoslavia's Serbian-controlled southern province of Kosovo fell under Turkish rule. After 1945, the late President Tito settled more Serbs in Croatia. They did not assimilate. However, many Serbs were promoted into the ranks of the communist-ruled security, interior and defence establishment in Croatia. Many have been replaced.

"We left it too late," says the former adviser. "Last year's election campaign by the Croatian Democratic Union (HDZ) was won on a Croatian nationalist platform. Tudjman insisted that all Serbs take an oath of loyalty to the Croatian state. This played into the hands of Serb nationalists and Slobodan Milosevic [president of Serbia], who kept accusing us of being fascists. My hope is that the Serbs in Zagreb, who are assimilated, will continue to be accepted by Croats. I worry about the urbanised Serbs."

***

Tomislav, another Zagreb resident, has no concern for the Serbs. At the end of yesterday's second air-raid warning, he was standing at the entrance to a block of flats. He was wearing a black tee-shirt and fashionable sun-glasses – and carrying a double-barrelled shot-gun.

Faces of war: federal Yugoslav soldiers during fighting near Borovo Naselje, eastern Croatia

"Can you point your gun the other way?"

"I have to keep alert."

"What are you doing here?"

"I am protecting my city, and my building, against the fifth columnists."

"Who are they?"

"The Serb terrorists."

"But the Serbs in Zagreb do not support the federal army, or Milosevic, or Serb nationalists."

"There are some here who do. I ran after one of these Serb snipers yesterday. I will defend Croatia. Our state is very old. One of the oldest in Europe."

"What do you normally do?"

"I am a law student."

"What will happen when this war is over?"

"I do not think about that. All I think about is catching Serb fifth columnists."

***

Professor Dalibor Brozovic riffled through a pile of letters in the cellar of Zagreb's Institute for Lexicography. The president of the institute and vice-president of the Croatian Democratic Union – and one of Europe's most respected lexicographers – had retreated to the depths of the building with his entire staff after the first of the day's air-raid warnings had sounded across the city.

"I am not sure that the federal army would bomb Zagreb," he said. "Nor am I sure that the European Community will recognise our independence. I can understand Hans Van den Broek [Dutch foreign minister]. He knows what granting independence to Croatia would mean. If he recognises us, can he deny that same independence to his own Friesians..?"

The professor speaks at least a dozen languages. He is now working on ways to renew the Croatian language. For him, language is a crucial element in renewing the identity of a nation-state.

"The continuity of our own language was discontinued after 1918 [when the Kingdom of Serbs, Croats and Slovenes was established]. We had to compromise our language, words and our dialect all in the name of *narodno jedinstvo* – unity of peoples. Under the communists, a crude uniformity of language took hold. The last 70 years represented the discontinuity of the Croatian state. We now want to continue where we left off and revive our Croatian identity."

***

In the air-raid shelter, women and men gathered around the radio. The news flash reported that two federal army jets were heading in from the west towards the capital. People remained surprisingly calm. "This is a kind of phoney war," said Branka, a 34-year-old computer programmer.

The radio then played – as it always does during air raid warnings – a sentimental song called "Stop the war in Croatia". Composed recently by Tomislav Ivcic, a Croat, it is supposed to galvanise the nation's spirits.

After the air-raid warning ended, the song faded out. Zagreb's inhabitants poured out of the cellars and shelters into the sunshine. The calm which had beset the city for the past half-hour was quickly broken. Trams started screeching along the steel rails again. For a time at least, life started returning to "normal".

On the wrong track

Richard Tomkins takes issue with BR's TV campaign

For once, British Rail has something to shout about. That, at least, is the message of its latest InterCity television advertising campaign.

Viewers see assorted shots of high-speed trains mysteriously clad in black silk and flying national flags. Then, in the final scene, a train flying the Union Flag is unveiled to reveal one of the InterCity 225 expresses now in service on the London to Edinburgh route.

"All over the world, new, faster trains are being unveiled," the voice-over intones.

"The fact is that, here in Britain, with the launch of the new InterCity 225, we have more trains going at over 100mph than any country in Europe. Just thought you ought to know."

Perhaps we ought: for if the claim is true, Britons are suffering an unjustified inferiority complex in thinking they have been left behind in the high-speed railway race.

Certainly, the first part of the claim is indisputable. All over the world, high-speed railways are emphatically in fashion. They exist in Japan, France and Germany; they are being built in Spain and Italy; and they are at various stages of the planning process in the US, China, Canada, South Korea, Australia, Belgium, Czechoslovakia and the Soviet Union. But in Britain?

Britain has, to be sure, long been an enthusiast for speed. The 100mph barrier was broken as long ago as 1904 when Britain's Great Western Railway claimed a record-breaking 102mph for its steam locomotive City of Truro. But it was the development of electric traction after the second world war that opened up new horizons for the railways.

The only problem was the track. All those bends mattered little when trains were chugging along sedately in the steam age. But as speeds rose, locomotive designers found themselves increasingly constrained by the need to keep passengers in their seats and the trains on the rails.

First to succumb to the inevitable was Japan. With its transport systems at saturation point, it decided to build a completely new, straighter railway line between Tokyo and Osaka. The line captured world headlines when it opened in October 1964. Suddenly, everyone wanted 130mph "bullet" trains like Japan's.

That Europe was the next to get them owes much to its population density. With their roads and airways chock-full, most European countries have been turning back to rail as a solution to their transport problems. But to compete with other forms of transport, the railway infrastructure has to move out of the steam age. Thus, France's high-speed TGV network started spreading outwards from Paris in 1981, and the first lines in Germany's InterCity Express network opened earlier this year.

So while Japan's newer bullet trains whistle along at 160mph, Germany's ICE trains clock up 175mph, and France's TGV trains regularly run at more than 185mph, what has been happening in the UK?

The answer is: nothing much. One has to fumble for the history books to find the last recorded instance of a new main line opening in Britain. (It was the Great Western & Great Central Joint Railway in April 1906.) The fastest trains on BR, the InterCity 225 expresses on the newly-electrified London-Edinburgh line, run at 140mph – barely faster than the 126mph achieved by the steam locomotive Mallard on the same line more than half a century ago.

Does Britain, then, have any plans to join the high-speed club?

Yes, says the Department of Transport. The government announced last year that a high-speed line would connect London with the Channel tunnel. All that remains to be decided – and it is a large all – is what route the line should take, when it is going to be built, and who will pay for it.

Even if this line is built, however, it will be subject to a 140mph speed limit for fear of noise complaints from those living near the line. What true rail enthusiasts want is a comprehensive network of proper high-speed lines, starting with a new line from London to the north.

A few moments with Dr John Prideaux, managing director of InterCity, are enough to temper such idealism. The economic reality is somewhat different.

Take the West Coast main line from London Euston to the north-west and Scotland, he says. This is InterCity's next big project. If it can ever find the £750m it needs, it is due to start upgrading the line in the next few years.

The present journey time from London-Manchester, the busiest section of the route, is 2 hours and 30 minutes. Replacing the worn-out trains with the planned 155mph expresses will cost £600m and will cut the journey time to 2hrs 20mins. For just £150m more, the time can be cut to 1hr 50mins by straightening some of the more pronounced curves and allowing the new trains to run flat out.

A new, high-speed line to Manchester would be colossally expensive, says Dr Prideaux: £3bn at a guess. Even running non-stop – thus sacrificing important revenue from intermediate stations – it would only cut the journey time to 1hr 35mins. So after spending £600m on trains, InterCity has the choice between spending £150m more to save 30mins or £2.4bn more to save 45mins. There are no prizes for guessing which is the Treasury's choice.

Why is it, then, that other countries are building high-speed networks?

Each has its own special reasons, says Dr Prideaux. France is a much bigger country than Britain, so potential time savings are greater. Germany needs new lines to reflect the way its economic axis has changed from east-west to north-south. Italy's existing lines are particularly bendy.

Outside the south-east, it seems, Britain is cursed with main lines roughly in the right place, well laid out and capable of absorbing more, faster traffic. A high-speed network therefore remains a fantasy: not even the Labour party is promising one, and if the Conservatives win the next election, they plan to privatise the railways in any case.

As for the second part of BR's advertisement: well, yes, the needle on the speedometer does momentarily touch the 100mph mark more times a day on British trains than on continental ones. But what does this mean? Does anybody care other than card-carrying members of the ton-up club?

To be fair, Britain has quite a lot of trains that often go quite quickly. But it has not had the fastest trains since the 1930s when the Great Western Railway's Cheltenham Flyer briefly held the title; nor is it likely to have them again.

LETTERS

Deduction or perspicacity?

From Mr L A Jackson.

Sir, I fear Sherlock Holmes' powers of deduction ("The Long View: A four-letter mystery", September 14) are on the wane – no doubt due to old age!

If, as Holmes surmises, Mrs St Clair was carrying three days' copies of the Daily Telegraph "to check for news of his (Mr St Clair) fate", then Mr St Clair must have disappeared FOUR days ago, namely, the Sunday, not the Monday. Whatever day it was there would of course be no news of his disappearance in the morning newspaper of the day that he disappeared.

L A Jackson
11 Westfield Road,
Anlaby Road,
Hull HU4 6EA

Dr Watson writes: "I was myself at first puzzled by this point. However, Holmes saw the discrepancy at once and it put him on the scent. Clearly, the Daily Telegraph had insider information that St Clair had not in fact disappeared. One of St Clair's colleagues, jealous of his success no doubt, planted the story prematurely, thus alerting the detective."

Which account?

From Mr C W Daws.

Sir, Norma Cohen's article, "Clumsy attempt at passing the hat: the impact of British Aerospace's £432m rights issue", (September 12), apparently provides a blatant example of rough treatment of investors in managed funds. An underwriting institution's fund manager is quoted as saying: "If we can't sell the shares, we will put them in our recovering companies fund".

Is this the old technique of placing the winners to one's own account and the losers to clients', using the investment technique of hindsight?

Put another way, has the fund informally written a put option without the benefit of any fee for this service?

No problem if the fund underwrote the issue in the first place in exchange for a fee it retained. If this was not the case, this looks like one for the regulatory authorities.

C W Daws,
Sheepscombe House,
Sheepscombe, Stroud,
Gloucestershire

Putting a price on traffic control: dubious and a double imposition

From Mr Felix FitzRoy and Mr Ian Smith.

Sir, The notion that road pricing provides a cost effective solution to urban congestion ("Clocking up the miles", September 18) is dubious. This is true even if the revenue from road charges is invested in public transport. Evidence from the Continent, systematically neglected by UK planners and academics, demonstrates that scarce road space can be rationed more efficiently by quantity than by price.

Policy experience in European cities such as Zurich, Bologna, and others shows that the provision of segregated bus, tram and cycle lanes markedly increases the efficiency of road use. Exclusive lanes for public transport and priority right of way at intersections significantly shortens journey times relative to those of the private motorist. In peak periods, therefore, a high frequency and sufficiently dense public transit network provides a powerful incentive for car users to switch travel mode, particularly when inner-city driving and parking space in substantially restricted, and cheap transferable season tickets encourage family use. This solution to urban congestion minimises administrative costs, renders road pricing superfluous, and has been proved in practice in differing urban environments from Italy to Scandinavia without expensive new electronic gadgets and surveillance systems.

Felix FitzRoy and Ian Smith,
department of economics,
St Salvator's College,
University of St Andrews,
St Andrews,
Fife KY16 9AL

From Mr D J M Salter.

Sir, So the London Borough of Richmond upon Thames is considering charging motorists for the use of "its" roads (September 18).

Fine. But what about the paper disc attached to our windscreens, for which we pay £100 a year? Isn't that called a road fund licence?

D J M Salter,
17 Beechwood Avenue,
Kew, Richmond,
Surrey TW9 4DD

Tyneside jobs are good news

From Mr P D Nicholson.

Sir, It is a pity your article about Tyneside ("Surviving behind a barricade of baked beans", September 17) appeared to give credence to the negative and Marxist views of Dr Fred Robinson.

Yes, the problems on a few north-east estates are severe. You criticise the position that the 800 jobs so far created in Newcastle Business Park do not come from the next door estates; but they must come from somewhere. Eight hundred more jobs in the region is surely good news, not bad.

New centres of prosperity being created by the Tyne and Wear Development Corporation and others are beacons of hope and creators of confidence. It is confidence as much as any other material factor that eventually restores an economy. For Robinson and others to sneer at that confidence as "hype" is totally unproductive. The problems of the north-east are being tackled positively and with success.

No one can deny that the riots are a serious matter, but they are, I believe, an aberration caused by criminal elements associated with ram raids and massive auto-theft. These are law and order matters rather than social matters.

P D Nicholson,
chairman,
Tyne and Wear Development Corporation,
Newcastle Business Park,
Newcastle upon Tyne NE4 7YL

Private investors should unite for fairer treatment

From Mr Desmond Goch.

Sir, The criticism by R Turner (Letters, September 17) of the seemingly widespread practice of companies talking to analysts and other institutional representatives in advance of an announcement to the wider investment community deserves the support of non-institutional shareholders.

There have been many occasions when I have noted that good or bad news about a company in which I am interested has been anticipated by share price movements that can only have been inspired by prior knowledge. I have still to be convinced of the wider value of these briefings to analysts. All too often the institutions they represent are the first to get out when there are signs of trouble – and even when one of them decides to make some kind of a stand, the rest act live craven cowards and look the other way.

I suspect, too, that some finance directors are not above doing some surreptitious ear-stroking of their own in an endeavour to talk the market down when the teenage scribblers seem to be misreading the tea leaves.

When I expressed similar views in your letters column some years ago, I received a very sympathetic letter from the Wider Share Ownership Council. Sadly, after collecting a membership subscription from me, there the matter rested.

Private investors of the world, unite behind Mr Turner.

Desmond Goch,
4 Paddock Wood,
Harpenden, Herts

No industrial wasteland behind the Fort Dunlop building

From Ms Christine Arundell.

Sir, On September 13 you reported that the Fort Dunlop building – seen from the M6 – is to be redeveloped by Tarmac Richardson and described it as a vast architectural gem besieged by an industrial wasteland.

This is a misleading statement as Fort Dunlop is a thriving industrial complex behind behind the Fort building where we, SP Tyres UK – a subsidiary of Sumitomo Rubber Industries – design, develop and manufacture Dunlop tyres.

Sumitomo Rubber Industries purchased the Dunlop tyre operations in Europe from Dunlop Holdings in 1985 and since the takeover has transformed the development and manufacturing facilities, making the Dunlop brand name a success story in the tyre industry.

We all welcome and look forward to the redevelopment of the familiar landmark building, but would point out that, far from being an industrial wasteland, the Dunlop tyre factory is going from strength to strength as the stronghold of the tyre industry, creating employment for thousands of Birmingham residents.

Christine Arundell,
press and PR officer,
SP Tyres UK,
Fort Dunlop,
Birmingham B24 9QT

Getting to the end of a History

From Mr Richard H Turner.

Sir, In his article of September 14 on Professor Stephen Hawking's book, "A Brief History of Our Time", Dominic Lawson tells us that apparently one in 12 people is Britain owns a copy, but that he knows no one who has got to the end of it.

However, although rightly knocking the net book agreement (NBA) as preventing book prices from coming down to match supply with demand, he does not mention that Prof Hawking's book has yet to be released in paperback.

I have indeed read the book to the end, and I believe I understood as much of it as can be expected of one who managed to fail GCE "A" level physics some 35 years ago. I do not, however, own a copy, and do not propose to buy one unless and until the publishers release a paperback version at a reasonable price, instead of cynically exploiting the "trendy" appeal of the subject, which Dominic Lawson describes.

Perhaps then, not only will more than one in 12 people own a copy, but far more of those interested in doing so will actually read it.

Richard H Turner,
8 Kenmore Road,
Kilmacolm,
Renfrewshire PA13 4LU

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution

UK COMPANY NEWS

Main Sun Life holders combine share stakes

By Robert Peston

LIBERTY LIFE of South Africa and France's Union des Assurance de Paris, the insurance companies, are combining their shareholdings in Sun Life, in an attempt to end speculation that they are not acting as friendly partners in the management of the UK insurer.

They are also buying Sun Alliance's 4.5 per cent stake in Sun Life for £35m, ending a 181-year-old relationship between the two British insurers.

In a separate development to cement the relationship between UAP and Liberty, UAP is taking a 16.8 per cent stake in TransAtlantic Holdings, Liberty's European investment vehicle which is listed in Luxembourg.

"Three years ago there was war between us and Liberty", commented Mr Jean Peyrelevade, chairman of UAP, the *state-controlled French* insurer. "Two years ago we signed an armed peace. Now there is friendship".

Mr Peter Grant, chairman of Sun Life, welcomed the merger of the the two companies'interests as providing much-need stability to the ownership of his company.

Liberty and UAP both have 27.7 per cent holdings which are being injected into Rockleigh Corporation, a shell company in which they will each have 50 per cent stakes. The Sun Alliance shares are also being put into Rockleigh, giving it a total holding of 59.9 per cent.

Neither company can withdraw from Rockleigh for at least four years.

UAP and Liberty will each appoint one new member to the Sun Life board, lifting the number of their representatives to three each. They are committed to keeping the combined number of their representatives to less than half the board.

Rockleigh will make an offer for the outstanding Sun Life shares, once the merger of the two insurers' interests are approved by the Department of Trade and Industry and the European Community competition directorate in Brussels.

It will offer £11.60 for each Sun Life share, which was the price paid to Sun Alliance, whichvalues the company at £778m.

The takeover offer is being made to deflect any criticism that Sun Alliance was benefiting from a price not available to all, said Mr Donald Gordon, chairman of Liberty Life. However, neither Sun Life nor the two bidders are keen that Rockleigh should end up with 100 per cent of Sun Life.

Mr Peyrelevade said the investment in TransAtlantic would give his company expertise in the UK property market. *TransAtlantic controls Capital* & Counties, the property developer.

UAP is injecting £122m into TransAtlantic by buying 35m new shares. It is also buying a further 5m from an offshoot of Liberty for £17.5m.

He said that the investments in TransAtlantic and Sun Life should be seen in the context of its strategy of "establishing business relationships with partners all over Europe".

He added: "I do not believe that there will be a single market for insurance in Europe for maybe 10 or 15 or 20 years." Till then, UAP saw no reason to acquire full control of companies operating outside France.

See Lex

Japanese take 24% stake in Gestetner

By Robert Thomson in Tokyo and Michiyo Nakamoto in London

RICOH, Japanese office automation equipment maker, is to pay £122.3m for a 24.2 per cent stake in Gestetner Holdings, the UK office equipment company. Ricoh says this will strengthen its sales network in Europe for plain paper copiers and facsimile machines and, particularly increase the penetration of its new technology.

Ricoh will buy convertible notes from the AFP Group, the holding company that is Gestetner's leading shareholder, and, on conversion of the notes, Ricoh and AFP Group will each hold a 24.2 per cent stake.

Ricoh said that the stake would mean closer co-operation with Gestetner, which has done business with the Japanese company since the mid-1960s. Mr Hiroshi Sakagami, Ricoh's general manager of international communications, said that interest in Gestetner's direct sales network prompted the purchase, which has been discussed for about a year.

"Gestetner is stronger in direct sales than in dealerships, and for new technology, such as digitilisation and and colourisation, it is often better to use direct sales. Dealers are sometimes more comfortable with the technology they already know.," Mr Sakagami said.

Ricoh has manufactured office equipment for Gestetner, and it hopes the closer tie will increase the sales of its own brand and of equipment sold under other labels. Mr Sakagami said that "we have a policy to strengthen the marketing of both of these areas".

Ricoh is one of the three major manufacturers of office automation equipment in *Japan but it has been slow to expand its* international operations. The closer relationship with Gestetner would be a step forward in correcting that imbalance. Mr Greg Melgaard, deputy chairman, said that the strategic relationship with Ricoh would give the group access to new generation office automation products.

Ricoh more importantly has a good track record in product innovation combined with a strong commitment to research and development.

A close relationship with the manufacturer will become increasingly important for distributors as the market accelerates its move away from digital to analog equipment.

New "families" of products are being developed and a close relationship with a major supplier will be important in ensuring that the distributor has an alignment of products.

The closer relationship will also enable *Gestetner to have influence on new product* development, mainly on specifications of product features and market needs.

The other major benefit will be to help strengthen Gestetner's balance sheet by raising holders' funds by £90m, Also it will provide an extra £12m to bolster the business.

BW bondholders consider suing Hill Samuel

By Roland Rudd and Robert Peston

LONRHO AND other holders of Brent Walker's convertible bonds are considering suing Hill Samuel, the merchant bank, for allegedly compiling a misleading prospectus for the £100m bond sale last November.

It has also emerged that Brent Walker's banks yesterday gave new refinancing proposals to representatives of Mr Michael Smurfit and his company Jefferson Smurfit – they together own 25 per cent of the bonds. Brent Walker's banks consider Mr Smurfit's support vital if the troubled leisure group is to avoid receivership.

Legal action against Hill Samuel, Brent Walker's financial adviser, may also be taken by Mr Smurfit and his company. Lonrho alleges that Hill Samuel did not undertake a comprehensive due diligence audit of the company.

But Hill Samuel said it was nonsense for the bondholders to consider legal action against it since most of them had decided to invest in Brent Walker before it brought out its prospectus.

Since the bondholders bought the bonds at the end of last year, Brent Walker has been on the brink of collapse, *making the bonds almost* worthless. The company has been working with its banks to avoid receivership by securing the agreement of creditors to a refinancing.

Brent Walker's banks yesterday gave new bond-swap terms to representatives of Mr Smurfit and his company Jefferson Smurfit. They are being asked to swap their bonds for another financial instrument.

For months the bondholders and banks have been unable to reach agreement, because the bondholders have been insisting on being given debt in exchange for their bonds.

*The new offer is not straight*forward debt. But the banks are hopeful that it will satisfy the bondholders' request for a voice in any future refinancing of Brent Walker.

A response from Mr Smurfit and his company is expected over the weekend. If he approves the terms, they will be sent to other bondholders.

In July, a handful of Brent Walker's banks, led by Barclays, opposed the offer of debt to bondholders. But Midland Bank said yesterday that it gave its agreement to the debt offer. All banks have approved the new terms.

Sluggish London retailing pulls Liberty down 36%

By Michiyo Nakamoto

CONTINUED SLUGGISH trading in its retail activities depressed profits *at Liberty*, the retailer and manufacturer of printed textiles, in the half-year to August 3.

The slump in tourism that has persisted since the beginning of the year and weakness in UK consumer demand took pre-tax profits down 36 per cent to £1.65m (£2.6m).

Mr Harry Weblin, chairman, said the marked absence of tourists from the US had a particularly damaging effect on sales at the group's flagship store *in Regent Street, London*. However, retail activity was resilient outside London, he said.

Also the fall in profits, which came on lower turnover of £38.1m (£41.3m), is compared to a record first half last year.

Retailing, which was very slow in the first half, was particularly hard hit, with a £8,000 trading profit swinging into a loss of £510,000.

Converting and wholesaling suffered from an unfavourable trading environment in major markets including Europe. However, sales and profits from the joint venture in Japan were "creditable".

Trading conditions in the second half remained difficult, Mr Weblin said. "We have not *seen the upturn that the Prime* Minister or the Bank of England are saying is there."

Earnings fell to 5.13p (9.27p) but the interim dividend is increased to 1.85p (1.7p).

Williams gets approaches over Racal's Chubb arm

By Roland Rudd

WILLIAMS Holdings, the industrial conglomerate which *has launched a hostile take*over for Racal Electronics, yesterday revealed that it has been approached by a number of businesses interested in buying parts of Chubb.

Mr Justin Dowley, director at Morgan Grenfell, advising Williams, said he had had several approaches on behalf of companies interested in buying part of Racal's UK locks business.

He said: "We have been approached by a number of *intermediaries, mainly banks,* on behalf of unnamed clients who are interested in purchasing part or all of the Chubb locks business if we succeed in our bid for Racal."

Williams is willing to shed all of Chubb's retail business *and its own Ingersoll factory*, which makes retail locks, in order to avoid the bid being referred to the Monopolies and Mergers Commission.

Williams yesterday posted its formal offer document to Racal shareholders. Racal will have to respond to the document within 14 days.

The Racal board yesterday said that the document added nothing to Williams announcement of September 17 and that the Racal board believed the *offer lacked financial or com*mercial merit. It added that it significantly undervalued Racal's longer-term potential.

The Williams all share offer was worth £701m last night.

Mayne Nickless pays £50.5m for Interlink

By Kevin Brown in Sydney

MAYNE NICKLESS, the Australian transport group, has made an agreed cash offer of 311p per share for Interlink Express, the UK parcel delivery company. The offer values Interlink at £50.5m.

Irrevocable undertakings have been given to accept in respect of 71.84 per cent of Interlink. The offer has the support of the Interlink board and of Mr Richard Gabriel, who founded the company in 1978 as a London messenger service.

Interlink also reported its results for the year to June 30 showing taxable profits 15 per cent higher at £6.93m, against £6.05m. Turnover improved to £51.4m (£48.8m).

The pre-tax figure included net interest received of £90,000 compared with a charge of £23,000. Earnings per share were 26.08p (23.93p) and an unchanged second interim of 4.25p is being paid in lieu of the final for a same-again total of 8.375p.

Mr Gabriel will continue to manage Interlink, which will operate independently from Parceline, Mayne's *existing* UK parcel delivery service. Interlink operates a network of 146 franchises throughout the British Isles.

Mr Ian Webber, Mayne's managing director, said the acquisition of Interlink would strengthen the group's position in the highly competitive express freight market. He added that the deal was "a logical extension" of the group's strategy of expanding its core operations in the European *distribution* and express delivery market through acquiring small but significant competitors.

As part of this Mayne recently announced the formation of a joint venture with two established express freight businesses designed to give the group a foothold in Italy, one of the most difficult European markets.

Mayne's strategy contrasts with TNT, the rival Australian transport group, which suffered a sharp fall in its share price earlier this year on worries over its ambitious attempt to build a European network of air freight routes.

TNT shares have recovered strongly on the Australian Stock Exchange in recent weeks, following the announcement of a joint venture express delivery company by TNT and a group of European post offices.

Colin Beere

Michael Bottjer (left) and John Douglas, chairman: little overlap between the companies

Tilbury in agreed £85m bid to acquire Robert M Douglas

By Andrew Taylor, Construction Correspondent

TILBURY Group, the UK contractor and developer in which Philipp Holzmann the *large German construction* company holds a 29 per cent stake, yesterday emerged as the successful bidder for Robert M Douglas.

The board of Douglas, a Midlands-based construction company, is recommending acceptance of a share offer which values the group at £85.3m.

Douglas family interests and other shareholders controlling 59.9 per cent of the company's shares have given irrevocable undertakings to accept the *terms which* include a partial cash offer.

Tilbury's shares fell 25p to 658p following the announcement of the bid and its interim results which showed pre-tax profits down 29 per cent to £6.66m for the six months to June 30. The share price of Douglas fell from 520p to 508p.

Shareholders are being offered 81 Tilbury shares for every 100 Douglas shares currently held. They can elect to *accept a cash offer* worth 498p for each Douglas for up to 40 per cent of individual holdings.

The merged group will be renamed Tilbury Douglas.

Mr Mike Bottjer, Tilbury's *chief executive, said that the* offer for Douglas had been supported by Holzmann and Advanta Management, a German investment group which owns a 14 per cent stake in Tilbury.

Holzmann and Advanta are providing some of the underwriting for the cash offer. Following the merger Holzmann's stake is expected to reduce to about 20 per cent. Advanta's holding will fall to about 10 per cent.

Two years ago Tilbury narrowly escaped being taken over by Lilley, the Scotland-based construction group, after a bitterly contested £137m takeover bid. Lilley subsequently sold its stake to Holzmann and Advanta at a loss.

Mr Bottjer said yesterday that Tilbury's strengths were in specialist civil engineering, particularly in water and roads, while Douglas was more heavily involved in commercial and industrial building.

He said: "Tilbury is strong in southern England and mainly carries out jobs in the £1m to £5m range. Douglas is strong in the west Midlands and has greater experience of managing large-scale building projects such as the International Convention Centre in Birmingham and Honda's first European assembly plant at Swindon."

"There is very little overlap between the two businesses. we are *strong in pipework* while they have developed specialist skills in formwork and in building techniques for multi-storey car parks."

The combined companies in their last full financial year – they have different year ends – generated pre-tax profits of £31m on sales of £535m including associate and joint venture companies. In terms of turnover this would make the merged group about the 15th largest UK construction group.

They currently have net cash of £6m compared with shareholders funds of £97m.

Tilbury yesterday declared a maintained interim dividend of 10.5p on earnings per share of 23.2p (30.9p). Its turnover for the half year declined to £89.7m (£107m).

International operations hit Independent News

By Tim Coone in Dublin

INDEPENDENT Newspapers, the Dublin-based newspaper and advertising group, reported a 12 per cent downturn in interim taxable profits. Mr Tony O'Reilly, chairman, blamed the difficult economic conditions, particularly in its international markets.

Profits fell from I£5.92m (£4.76m) on turnover slightly *ahead at* I£74.5m (I£73.8m). Mr O'Reilly added that in the light of the results being experienced by other companies he considered the outcome to be satisfactory.

Circulation for the Irish publications was up on last year with advertising revenue holding up despite an overall 5 per cent fall in the industry.

Reactions were mixed in Dublin stockbroking circles one said that they were better than expected. But another said they were "slightly disappointing" and had revised downwards her firm's year-end forecasts to I£11m pre-tax and earnings per share to 25.5p.

The company has been operating a voluntary redundancy scheme to rationalise the company's Irish operations with with 110 having gone so far and a further 200 of the 1,800 workforce expected to go over the next two years.

The interim dividend has been raised 0.5p to 5p per share from earnings per share down at 12.6p (14.1p).

Mr Liam Healey, chief executive said about the increase: "We feel it is justified given the group's ongoing prospects which we see as very good". He added he had been very happy with the year's advertising revenues.

The group raised I£30m in a convertible capital bond issue earlier this year, to help finance the group's expansion plans.

It is engaged in a A$1.3bn consortium bid for Fairfax, the troubled Australian newspaper group. If successful it would give it about a 5 per cent share of the Australian newspaper market. Independent's share in the bid is A$100m.

Versand sells 7.5% stake in Next

By Andrew Fisher in Frankfurt

Otto Versand, the German mail order group, has sold a 7.5 per cent stake in Next, the UK fashion retailing company, in order to help finance its ambitious expansion plans in east Germany.

Otto acquired the shareholding as part of its successful effort to acquire the Grattan mail order business from Next earlier this year. It initially bought a 3 per cent holding, which it later increased to 9.9 per cent. Otto, which is family-owned, beat Sears of the UK *for control of Grattan; the* takeover price was £165m.

The shares sold by Otto yesterday were worth £11.6m. Since Otto agreed to buy Grattan in March, Next's shares have risen from about 30p to 45p. "Now that Otto has bought Grattan, there was no need for it to hold on to Next shares", said Mr Malcolm MacLachlan, retailing analyst with stockbroker UBS Phillips & Drew.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
180	F.P.	-	198	188	Adam & Harvey	195		W10.0	5.9	6.8	3.3
25	F.P.	-	42	29	‡Airbreak Leisure 5p	42		u1.75	1.8	5.6	10.9
†	F.P.	-	110	105	Capital Ventures 1p	110		-	-	-	-
4	F.P.	-	9½	4¼	Calver 1p	5		-	-	-	-
-	F.P.	-	23	18	Eng. & Scott. Wrnts.	18	-3	-	-	-	-
-	F.P.	-	320	213	Eurotunnel '91 Wrnts.	280	+15	-	-	-	-
100	F.P.	-	110	105	Gartmore Scotland Inc.	110		M11.6	-	14.1	-
100	F.P.	-	99	85	Do. Capital	97		-	-	-	-
-	F.P.	-	£655	£605	Do Units	£650		-	-	-	-
146	F.P.	-	166	148	Irish Life Ir10p	163	-2	HQ102%	-	5.6	-
100	F.P.	-	107	101	Kleinwort High Inc. 5p	107		M7.5	-	9.3	-
§290	F.P.	-	323	297	Lowndes Lambert 5p	316		L11.5	1.9	4.9	14.8
50	F.P.	-	54	47	‡Simpsons of Cornhill 5p	48		-	-	-	14.9
1	F.P.	-	¼	½	‡Stanelco 1p	½		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
100	F.P.	-	100	98½	Camborne Inds. 10½pc Rd. Deb. 2001	98½	
100	F.P.	-	90	79½	Claybithe 9½pc Cnv. Ln. 2000-01	79½	
100p	F.P.	-	111½p	104¼p	Gartmore Scotland Zero Div Prf.	111½p	
100p	F.P.	-	109½p	102½p	Kleinwort High Income Zero Div Prf.	109½p	
100p	F.P.	-	104p	102½p	Nat. West Bank 9pc Prf Series A	104p	+½

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
285	Nil	-	76pm	53pm	British Polythene	75pm	
31	Nil	-	5pm	3pm	Kleen-E-Ze	3pm	
220	Nil	-	49pm	33pm	Ladbroke 10p	34pm	-6
25	Nil	-	3½pm	¾pm	Mayflower Corp. 5p	3½pm	+1
435	Nil	-	102pm	54pm	P & O Defd. £1	60pm	-6

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Sept. 9
- Last Dealings Sept. 20
- Last Declarations Dec. 5
- *For settlement* Dec. 16

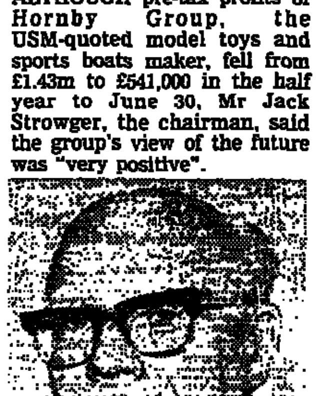
For rate indications see end of London Share Service

Calls in ASDA, Aviva Pet., Brown & Jackson, Burton, MMI, Monarch Res., Reece, Thames TV, TSB, Tuskar Res., Warburg (SG) and Natl. Home Loans. Puts in ASDA and Tarmac.

NEWS DIGEST

Hornby drops to £0.54m

ALTHOUGH pre-tax profits of Hornby Group, the USM-quoted model toys and sports boats maker, fell from £1.43m to £541,000 in the half year to June 30, Mr Jack Strowger, the chairman, said the group's view of the future was "very positive".



Jack Strowger: positive view of the future

Turnover was 29 per cent lower at £10.3m (£14.5m) reflecting the downturn in consumer spending, and while Mr *Strowger anticipated sales in* the second half to improve he did not expect current year turnover to reach the record £39.5m achieved in 1990.

He added that the balance sheet remained strong, providing adequate resources to fund further developments. He believed the 1992 product range was the strongest in Hornby's history.

After tax of £195,000 (£511,000) earnings per share fell to 4.2p (11.3p). As usual *there is no interim dividend.* After tax of £195,000 (£511,000) earnings per share fell to 4.2p (11.3p). As usual there is no interim dividend.

Frank Usher falls 44% to £775,000

Against the background of "poor demand in the high street", Mr Christopher Norland, chairman of Frank Usher Holdings, said that the USM-quoted *women's clothing* maker had "maintained its market position extremely well".

Pre-tax profits for the year to May 31 were down 44 per cent from £1.39m to £775,000 on turnover only 2 per cent adrift at £15.22m. However the directors have recommended cutting the final dividend from 4p to 2.5p for a reduced total of 4p (6p). They "consider that it is appropriate to retain a proportion of its earnings within the company to strengthen its reserves and liquidity".

Earnings worked through at 7.2p (12.6p) per share.

Dinkie Heel declines 48% to £90,000

Dinkie Heel, the Bristol-based rubber products and needles manufacturer, suffered a 48 per cent fall in taxable profits from £172,000 to £90,000 in the first half of 1991.

Since the "very difficult" first quarter, both order books and profitability had improved, the company said, although the recovery remained fragile.

Turnover fell to £3.63m (£4.17m). Earnings per share *worked through at 0.55p (0.97p)* but the interim dividend is held at 0.35p.

Smaller Carlisle £549,000 in red

Carlisle Group, the property services company, reported pre-tax losses for the six months to the end of June of £549,000, compared with losses last time of £3.79m which were struck after an exceptional *charge of £4.7m.*

Turnover was down at £2.54m (£8.7m) reflecting the closure of the stockbroking division last year. Losses per share came out at 2.7p (16.8p).

Mr Jonathan Harris, chairman, said that trading continued to be difficult but the group had a strong cash position and was free of debt.

Macallan-Glenlivet advances to £3.3m

Taxable profits at Macallan-Glenlivet, the distiller, rose from £3.24m to £3.33m in the first half of 1991. The advance would have been greater had interest received not declined *from £729,000 to £478,000.*

The company also ascribed the increase to "further growth, very much against market trends, in sales of The Macallan single malt". On the other hand, a weaker "new fillings" market and a 15 per cent reduction in cash balances after investment in new warehousing capacity cut into profits.

Turnover was ahead at £8.18m (£7.69m). Earnings emerged at 2.34p (2.3p) per share. *The interim dividend is* lifted to 0.25p (0.2p).

The company anticipates some improvement in the second half.

Breedon succumbs to trend with 36% fall

Having bucked the sector trend with a 9 per cent profits advance in the year to January 31, Breedon, the Derbyshire-based limestone quarrying and *housebuilding company, has* now reported a 36 per cent fall in taxable profits from £2.56m to £1.65m for the half year to July 31.

The company said that the outcome included a £59,000 loss (£188,000 profit) on the sale of non-trading assets. Turnover declined to £5.23m (£7.89m); earnings fell to 3.86p (5.94p) per share but the interim dividend is held at 1.75p.

Losses almost double at Youghal

Losses at Youghal Carpets (Holdings) were almost doubled from I£871,000 to I£1.69m pre-tax, or £1.54 sterling, in the *six months to June 30.*

The County Cork-based company said that the results reflected the deep recession in the UK home furnishings market which had continued to depress carpet sales, with volumes declining in both the retail and contract markets. Moreover the company said it had detected no evidence of any upturn.

Turnover fell to I£23.4m (I£27.7m) and losses emerged at 3.8p (2.11p) per share.

Tunnelling helps Donelon Tyson rise

A strong performance from the tunnelling and engineering division enabled *Donelon* Tyson to show a 28 per cent increase in taxable profits for the first half of 1991. Mr Sean Donelon, chairman, said the result demonstrated the company's ability to perform in bad times as well as good.

Profits were £1.45m (£1.13m) on turnover of £42.1m (£46.2m), a fall of 9 per cent. Earnings per share came out at 2.09p.

Taverners swings back into black

From losses of £78,000 last time, Taveners, the Liverpool-based confectionery manufacturer, returned to the black in the first half of 1991 with profits of £81,000 pre-tax – the same as for the whole of the 1990 year.

Mr William Tavener, chairman, said the improvement was largely because of a better control of costs in all areas. Home sales had developed well, he added, with "an encouraging increase in sales in marshmallows".

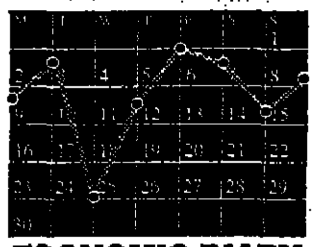
Turnover rose to £6.05m (£5.64m) and earnings totalled 2.81p (losses 2.7p) per share. There was an extraordinary *profit of £112,000* relating to the disposal of the factory site in Glasgow.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 21.09.91: Pool purchase price £/MWh	Final Prices for Trading on 24.08.91: Pool purchase price £/MWh	Final Prices for Trading on 24.08.91: Pool selling price £/MWh
0030	18.01	17.02	18.66
0100	15.98	15.81	15.81
0130	15.95	15.65	15.65
0200	15.95	15.65	15.65
0230	15.95	15.65	15.65
0300	15.95	15.65	15.66
0330	15.95	15.58	15.58
0400	15.95	15.58	15.58
0430	15.95	15.51	15.51
0500	15.92	15.51	15.51
0530	15.83	15.51	15.51
0600	15.82	15.51	15.51
0630	15.84	15.65	15.65
0700	15.93	15.81	15.81
0730	16.10	15.81	15.81
0800	16.52	17.03	18.66
0830	16.55	17.57	19.20
0900	18.04	18.53	20.19
0930	19.79	21.32	23.07
1000	19.79	21.32	23.07
1030	19.79	21.32	23.07
1100	19.79	21.32	23.07
1130	19.20	21.32	23.07
1200	18.04	21.32	23.07
1230	18.03	18.92	20.59
1300	18.03	18.53	20.19
1330	18.03	17.81	19.45
1400	17.35	17.53	19.26
1430	17.31	17.57	19.21
1500	16.05	16.01	16.01
1530	16.05	16.01	16.01
1600	16.05	16.01	16.01
1630	16.10	16.01	16.01
1700	18.03	16.01	16.01
1730	17.35	17.57	19.20
1800	18.03	17.57	19.20
1830	18.03	17.57	19.21
1900	16.92	17.57	19.21
1930	19.64	17.57	19.21
2000	21.21	17.32	18.96
2030	21.21	17.32	18.96
2100	19.64	17.32	18.94
2130	18.92	17.53	19.26
2200	17.95	17.53	19.26
2230	16.55	17.32	18.96
2300	16.50	17.18	18.80
2330	16.50	17.18	18.82
2400	16.95	17.03	18.66

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision as correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited



ECONOMIC DIARY

TODAY: Informal meeting of European Community finance ministers to discuss European *monetary union, at Apeldoorn,* Netherlands (continues tomorrow). Armenia, USSR: referendum on independence.

TOMORROW: Moscow: food industry executives arrive to assess distribution problems.

MONDAY: CBI Monthly Trends Enquiry (September). Balance *of payments current account* and overseas trade figures (August). GDP (second quarter, provisional).

TUESDAY: Geneva: meeting of oil ministers from the 13 OPEC member countries opens. France, trade deficit (August). US, Conference Board Consumer Confidence *Index (September); 2 Year* Note auction; International Organisation of Securities *Commissions conference.*

WEDNESDAY: Building societies monthly figures (August). Cross-border acquisitions and mergers (second quarter). Construction – new orders (July, provisional). Half-yearly *Engineering* Economic Trends report from Engineering Employers' Federation. US, durable goods orders, (August); 5 Year Note auction. Japan, press conference by Mr Yasushi Mieno, governor of the Bank of Japan.

THURSDAY: Capital expenditure and stockbuilding (second quarter). Energy trends (July). Conservative party chairman Mr Chris Patten gives Institute of Directors' annual lecture. Germany, Frankfurt European Banking Conference (speakers include Bundesbank president, Mr Helmut Schlesinger and president of the US Federal *Reserve, Mr Gerald Corrigan)*; US, real GNP, second revision (second quarter); House Ways and Means Committee on supervision begins hearing on US Treasury bond market. Japan, retail sales (August).

FRIDAY: Insurance and pensions (second quarter). Per*sonal income, expenditure* and saving (second quarter). Industrial and commercial companies (second quarter). France, consumer prices; unemployment (both August). Germany, consumer prices (September, provisional). US, personal income (August), consumer spending (August).

FT-ACTUARIES SHARE INDICES

© The Financial Times Ltd 1991. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Friday September 20 1991						Thu Sep 19	Wed Sep 18	Tue Sep 17	Year ago (approx)	Highs and Lows Index							
		Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1991 to date	Index No.	Index No.	Index No.	Index No.	1991 High		1991 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (184)	855.28	+0.2	9.48	5.68	13.09	28.07	853.95	854.19	856.30	669.07	890.04	15/3	675.31	16/1	1038.07	16/7/87	50.71	13/12/74
2	Building Materials (24)	1080.36	-1.1	8.09	5.76	15.81	33.99	1092.28	1104.13	1118.87	826.41	1167.75	14/3	911.64	16/1	1381.08	16/7/87	44.27	11/12/74
3	Contracting, Construction (31)	1170.72	-0.4	8.41	6.44	16.11	42.94	1175.97	1184.32	1184.80	1020.20	1438.66	15/3	1051.83	23/1	1951.50	16/7/87	71.48	2/12/74
4	Electricals (11)	2653.97	+7.6	8.24	4.98	15.55	69.65	2465.80	2405.17	2404.47	1828.08	2653.97	20/9	1837.98	22/1	3040.80	8/9/89	84.71	25/6/62
5	Electronics (25)	1776.69	+0.5	10.78	5.36	11.73	49.11	1767.56	1764.85	1771.41	1513.08	1958.19	15/3	1478.08	16/1	2308.22	19/5/89	1229.01	8/10/85
6	Engineering-Aerospace (8)	377.43	+0.6	16.38	6.64	7.37	14.36	375.31	373.11	368.73	409.54	469.23	9/4	368.73	17/9	502.42	13/6/90	368.73	17/9/91
7	*Engineering-General (45)*	*496.92*	*+0.6*	*10.42*	*5.16*	*11.76*	*14.61*	*494.05*	*494.56*	*494.76*	*368.14*	*502.99*	*6/9*	*339.57*	*23/1*	*505.10*	*15/6/90*	*339.57*	*23/1/91*
8	Metals and Metal Forming (8)	457.32	+0.6	14.33	7.72	8.47	17.48	454.44	453.56	450.26	390.23	509.18	3/4	381.44	16/1	596.67	9/10/87	49.65	6/1/75
9	Motors (12)	364.77	-0.1	8.22	6.60	15.53	14.36	365.03	362.33	359.65	263.91	371.25	6/9	266.43	16/1	411.42	13/10/87	19.91	6/1/75
10	Other Industrial Materials (20)	1610.28	-0.6	7.87	5.06	15.08	55.15	1619.21	1617.48	1622.47	1127.90	1695.01	2/9	1147.76	16/1	1881.53	18/8/89	277.55	15/1/81
21	CONSUMER GROUP (187)	1559.75	+0.7	7.43	3.59	16.63	30.65	1548.76	1543.97	1556.25	1137.12	1590.33	6/9	1188.45	16/1	1590.33	6/9/91	61.41	13/12/74
22	Brewers and Distillers (22)	1950.74	+2.7	7.94	3.46	15.33	34.88	1899.27	1885.20	1895.11	1388.47	1950.74	20/9	1478.24	25/1	1950.74	20/9/91	69.47	13/12/74
25	Food Manufacturing (19)	1230.56	+0.2	9.33	4.05	13.23	26.32	1227.86	1234.24	1237.82	977.00	1246.39	12/9	1013.60	16/1	1246.39	12/9/91	59.67	11/12/74
26	Food Retailing (17)	2552.32	-0.2	8.71	3.31	15.01	45.01	2556.30	2554.95	2633.40	2260.34	2854.91	2/5	2259.53	2/1	2854.91	2/5/91	54.25	11/12/74
27	Health and Household (22)	3718.76	+0.6	5.44	2.54	21.09	58.20	3697.18	3656.64	3668.94	2342.54	3802.79	2/9	2454.93	16/1	3802.79	2/9/91	175.38	28/5/80
29	Hotels and Leisure (23)	1357.47	+0.4	8.05	5.19	15.13	37.66	1351.77	1354.66	1365.42	1117.99	1405.62	2/9	1066.91	25/1	1845.77	8/9/89	54.83	9/1/75
30	Media (26)	1565.67	+0.2	7.03	4.53	18.54	41.89	1562.24	1544.30	1533.82	0.00	1565.67	20/9	1166.91	16/1	1565.67	20/9/91	1166.91	16/1/91
31	Packaging, Paper & Printing (17)	763.63	+0.3	7.36	4.27	16.49	22.26	761.37	759.07	759.57	482.48	788.41	9/9	486.96	16/1	788.41	9/9/91	43.46	6/1/75
34	Stores (32)	988.11	-0.1	7.69	3.77	16.94	18.14	989.19	997.83	1015.46	728.45	1037.47	2/9	766.89	29/1	1160.58	29/7/87	52.63	6/1/75
35	Textiles (9)	632.52	+0.7	7.28	4.91	17.43	15.16	628.24	633.30	637.90	394.15	651.48	12/9	396.58	28/1	914.52	2/10/87	62.66	11/12/74
40	OTHER GROUPS (109)	1287.70	+0.3	9.38	5.04	13.36	35.14	1283.92	1282.88	1284.17	951.33	1304.42	2/9	961.05	16/1	1304.42	2/9/91	58.63	6/1/75
41	Business Services (12)	1428.08	-0.7	7.59	4.60	16.30	30.08	1438.05	1443.52	1437.89	0.00	1443.52	18/9	892.28	1/2	1443.52	18/9/91	892.28	1/2/91
42	Chemicals (21)	1437.14	+0.5	7.05	5.02	17.51	47.20	1430.08	1431.34	1435.32	964.04	1520.52	2/9	1004.01	16/1	1545.46	5/10/87	71.20	1/12/74
43	Conglomerates (10)	1537.51	.....	9.53	6.86	12.71	37.80	1537.56	1521.45	1498.15	1256.03	1626.42	14/3	1217.37	16/1	1819.46	11/8/89	975.19	10/11/87
44	Transport (13)	2352.54	+0.4	7.25	4.83	17.08	66.14	2342.95	2362.87	2372.91	1819.28	2375.15	16/9	1730.87	23/1	2554.69	12/7/89	90.80	29/6/62
45	Electricity (16)	1273.02	+1.3	13.87	5.11	9.25	27.53	1256.20	1249.50	1243.69	0.00	1273.02	20/9	994.96	7/1	1273.02	20/9/91	994.96	7/1/91
46	Telephone Networks (4)	1562.51	.....	9.60	3.88	13.64	28.34	1563.42	1554.45	1563.00	1056.09	1577.91	2/9	1085.95	16/1	1577.91	2/9/91	517.92	30/11/84
47	Water (10)	2479.83	+0.5	16.49	6.21	6.71	118.37	2467.85	2499.09	2532.39	1946.34	2539.85	6/9	2134.83	16/1	2539.85	6/9/91	1820.20	1/5/90
48	Miscellaneous (23)	1852.14	+0.3	5.40	5.35	25.61	68.99	1846.00	1859.08	1868.06	1467.09	2033.42	15/8	1506.17	16/1	2087.06	11/7/89	60.39	6/7/75
49	INDUSTRIAL GROUP (480)	1301.27	+0.5	8.46	4.46	14.70	32.07	1295.22	1293.01	1299.00	966.10	1326.09	6/9	991.97	16/1	1326.09	6/9/91	59.01	13/12/74
51	*Oil & Gas (20)*	*2387.35*	*-0.4*	*10.94*	*5.82*	*12.08*	*92.84*	*2396.05*	*2396.40*	*2389.71*	*2459.67*	*2509.42*	*23/7*	*2101.45*	*21/1*	*2528.70*	*3/8/90*	*87.23*	*29/5/62*
59	500 SHARE INDEX (500)	1395.44	+0.4	8.76	4.62	14.32	36.86	1390.35	1388.29	1393.47	1086.83	1424.90	2/9	1092.04	16/1	1424.90	2/9/91	63.49	13/12/74
61	FINANCIAL GROUP (92)	832.08	+0.7	–	5.62	–	29.98	826.68	830.34	831.53	633.97	859.94	15/3	667.36	16/1	896.67	13/10/87	55.88	13/12/74
62	Banks (9)	960.02	+0.5	4.44	5.55	42.26	36.83	955.42	961.34	966.88	655.98	990.15	6/9	695.08	15/1	990.15	6/9/91	62.44	12/12/74
65	Insurance (Life) (7)	1611.02	+1.2	–	5.25	–	60.57	1591.80	1587.96	1592.32	1276.01	1632.53	4/9	1220.74	16/1	1632.53	4/9/91	44.88	2/1/75
66	Insurance (Composite) (6)	641.34	+0.9	–	6.85	–	28.25	635.47	640.58	641.33	542.90	728.27	15/3	572.52	16/1	768.11	29/12/89	43.96	13/12/74
67	Insurance (Brokers) (9)	1163.59	+0.4	7.01	5.81	18.68	41.27	1159.47	1168.04	1167.85	772.61	1202.38	5/4	932.88	23/1	1399.56	17/7/87	65.86	16/12/74
68	Merchant Banks (7)	477.34	+1.1	–	4.39	–	12.54	472.15	467.59	461.68	326.72	477.34	20/9	327.70	16/1	547.59	12/10/87	31.21	7/1/75
69	Property (36)	969.23	+0.4	5.74	4.81	24.52	22.40	965.16	970.66	964.43	853.90	1087.65	15/3	881.23	3/7	1398.87	5/9/89	56.01	20/4/65
70	*Other Financial (18)*	*269.17*	*+0.3*	*10.80*	*6.75*	*11.64*	*9.28*	*268.24*	*268.50*	*268.09*	*237.42*	*298.63*	*15/3*	*236.37*	*16/1*	*603.48*	*16/7/87*	*33.29*	*17/12/74*
71	Investment Trusts (69)	1247.84	+0.9	–	3.47	–	25.50	1237.06	1238.07	1243.46	988.98	1261.80	6/9	947.19	16/1	1323.81	4/1/90	71.12	13/12/74
99	ALL-SHARE INDEX (661)	1258.72	+0.4	–	4.73	–	34.68	1253.48	1252.69	1257.00	977.59	1284.07	6/9	987.46	16/1	1284.07	6/9/91	61.92	13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Sep 19	Sep 18	Sep 17	Sep 16	Sep 13	Year ago	1991 High		1991 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX‡	2600.3	+11.6	2602.5	2580.4	2588.7	2583.6	2594.4	2606.0	2625.8	2025.5	2679.6	2/9	2054.8	16/1	2679.6	2/9/91	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Sep 20	Day's change %	Thu Sep 19	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	122.52	+0.16	122.58	1.94	8.77
2	5-15 years (27)	136.14	+0.20	136.01	1.92	10.17
3	Over 15 years (9)	145.05	+0.14	144.85	0.90	10.60
4	Irredeemables (6)	162.09	+0.03	162.04	3.08	8.83
5	All stocks (70)	134.20	+0.18	134.12	1.87	9.84
	Index-Linked					
6	Up to 5 years (2)	164.75	+0.09	164.60	0.37	2.72
7	Over 5 years (9)	148.57	+0.08	148.45	0.64	3.42
8	All stocks (11)	149.67	+0.08	149.55	0.60	3.40
9	Debs & Loans (58)	115.85	-0.08	115.94	2.10	7.83

	AVERAGE GROSS REDEMPTION YIELDS		Fri Sep 20	Thu Sep 19	Year ago (approx.)	1991 High		1991 Low	
	British Government								
1	Low	5 years	8.49	8.57	10.99	10.14	16/1	8.49	20/9
2	Coupons	15 years	9.27	9.27	10.99	10.24	2/1	9.24	18/9
3	(0%-7¾%)	20 years	9.27	9.27	10.99	10.26	2/1	9.24	18/9
4	Medium	5 years	9.56	9.60	12.05	11.15	2/1	9.56	20/9
5	Coupons	15 years	9.41	9.41	11.49	10.62	2/1	9.41	20/9
6	(8%-10¾%)	20 years	9.36	9.36	11.21	10.50	2/1	9.35	18/9
7	High	5 years	9.75	9.79	12.14	11.25	2/1	9.75	20/9
8	Coupons	15 years	9.50	9.50	11.75	10.80	2/1	9.50	18/9
9	(11%-)	20 years	9.42	9.42	11.50	10.67	2/1	9.41	18/9
10	Irredeemables	†	9.49	9.49	11.14	10.48	31/12	9.43	18/9
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs.	3.93	3.93	4.61	4.48	15/7	3.59	18/1
12	Inflation rate 5%	Over 5 yrs.	4.22	4.22	4.32	4.40	1/8	4.09	18/2
13	Inflation rate 10%	Up to 5 yrs.	3.29	3.29	3.38	3.60	9/7	2.13	21/2
14	Inflation rate 10%	Over 5 yrs.	4.03	4.03	4.13	4.22	15/8	3.90	12/4
15	Debs &	5 years	11.27	11.26	14.00	12.63	9/1	11.26	19/9
16	Loans	15 years	10.96	10.95	13.07	12.38	18/1	10.95	19/9
17		25 years	10.72	10.71	12.73	12.16	18/1	10.71	19/9

‡Opening index 2598.2; 9 am 2590.3; 10 am 2589.2; 11 am 2581.5; Noon 2586.0; 1 pm 2592.5; 2 pm 2600.7; 2.30 pm 2602.3; 3 pm 2599.0; 4.10 pm 2599.6; (a) 2.36pm (b) 11.26am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.
CONSTITUENT CHANGES: (16/9) Racal Electronics (46) was deleted and replaced by Vodafone Group (46). (20/9) Racal Electronics (5) has been re-inserted and Rockware Group (31) has been deleted. NAME CHANGE: Scottish & Newcastle Breweries is now Scottish & Newcastle (22).

LONDON TRADED OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Alld Lyons	600	66	85½	97½	17½	25½	30½
(*647)	650	39½	62½	69½	37½	48	45½
	700	23	41½	49½	77½	75	83½
ASDA	60	13	15½	19½	3	5½	7½
(*70)	70	6	11½	13	7½	9½	12½
	80	2¼	6	8½	13	15½	16½
Brit. Airways	160	27	29½	34½	1	3½	6
(*186)	180	12	16½	21½	4	9½	11½
	200	3	6½	13	15½	20½	23½
SmKl Beecham A	700	74½	–	–	2	–	–
(*767)	750	32½	57½	76½	10½	23	28½
	800	9½	31	49½	37½	47½	50½
Boots	390	31	40	51	2	7½	9
(*417)	420	11	21½	33	11½	18½	22
	460	1¾	8	16½	44	45	47
B.P.	330	8¾	17	22½	5½	11	16
(*331)	360	1	5	9	29½	30½	32½
British Steel	120	11	13½	16	1¼	3½	5¼
(*129)	130	4¼	7¼	11	3¾	7¾	8½
Bass	977	28	–	–	20½	–	–
(*983)	1000	–	35½	57½	–	56	60½
C & Wire	550	16	34½	50	12½	23	29½
(*550)	600	3	15	28½	51½	55½	59½
Courtaulds	460	29	42	56	6	12½	16
(*480)	500	7¼	21	34	24	30	32
Com. Union	500	27½	45½	52½	5	12½	18
(*517)	550	3½	14½	26	35½	39½	45½
Fisons	460	15½	30	42	10½	19½	24
(*462)	500	2¾	12½	24	39	44	47
GKN	360	25	38	45½	3¼	9½	17½
(*380)	390	8½	24½	28	16	22½	32½
Grand Met.	800	42½	67	80½	10½	29	35½
(*822)	850	15	39	54½	39½	55½	59½
I.C.I.	1250	54½	91½	116	19	37	55½
(*1278)	1300	26½	71	88½	41½	58½	78½
Kingfisher	550	19	38	52	15	25	31
(*556)	600	2½	18	30	49½	51	53
Ladbroke	249	16	22½	29½	5¼	9	13½
(*262)	268	7	13½	20	13	19½	24
Land Secur	500	42½	50½	63½	1¼	6½	9½
(*539)	550	7	18½	30½	17½	25½	29½
M & S	260	11½	19½	27½	3¼	8½	9½
(*267)	280	4¼	9¾	16½	3½	17½	19½
Sainsbury	330	–	–	41	–	–	7
(*361)	356	6	17½	–	9½	14½	–
Shell Trans.	500	13½	30½	33½	9	15½	22
(*500)	550	1¼	7½	12	50½	50½	53
Storehouse	110	7¼	9½	12	4	7	9
(*114)	120	2½	5	8½	8½	13	15
Trafalgar	240	–	–	23	–	–	25½
(*240)	251	6	11	–	16	29	–
Utd. Biscuits	390	13½	25	32	9½	15½	22
(*395)	420	3½	12½	18½	33	34	39½
Unilever	750	21½	41½	54½	12	22½	30½
(*756)	800	5	20	28½	48½	51½	58½
Ultramar	240	10½	16½	21	6	10½	14½
(*241)	260	3½	9½	11½	21½	23½	26½

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Brit Aero	420	19	37½	39½	19	27	32
(*428)	460	6	20½	23	45½	50½	61½
BAA	420	40½	50	60½	5	11	16½
(*450)	460	13½	26½	38	20½	26	30
BAT Inds	600	48	62½	71½	5	9½	15½
(*640)	650	18½	36½	46½	26	28½	38½
BTR	390	29½	42	45½	4¼	8½	14½
(*410)	420	12¼	24	28	16½	21	28
Brit. Telecom	390	19	26½	36½	9½	16½	20
(*395)	420	6	13½	21½	26½	32½	34½
Cadbury Sch	390	39½	52½	55½	7½	13½	20
(*416)	420	23½	35½	40½	19	25	32
Eastern Elec	180	12½	16½	21½	4	8½	10
(*187)	200	3½	7	12½	15½	19½	20½
Guinness	1000	57½	87½	103	15½	26½	37½
(*1038)	1050	28½	57½	75½	37½	47½	60½
GEC	180	14½	17½	23½	2¼	4¼	6
(*191)	200	3½	7½	11½	13	13½	15
Hanson	220	13	16¼	20	4¼	10½	12
(*226)	240	3½	7¼	11¼	15	24	23½
LASMO	300	19½	30½	32½	9½	13½	17½
(*305)	330	7	15½	20	27½	29½	34½
Lucas Inds	140	18	19	24½	3½	6½	7
(*153)	160	5¼	8	13½	13	15	17
P. & O.	472	34	50½	–	6½	13½	–
(*493)	500	–	–	42½	–	–	34½
Pilkington	140	18½	21½	–	2¼	6	–
(*156)	160	8	12½	18½	10	14½	16½
Prudential	240	21½	29½	32½	3¼	5½	9½
(*255)	260	8½	18½	21½	11½	12½	16½
Racal	55	4	–	–	3½	–	–
(*56)	60	25	38	–	60	70	–
R.T.Z.	550	23½	41½	48½	15	24½	32½
(*551)	600	6¼	20½	27½	49½	52½	59½
Scot. & New	390	29½	37½	49½	7	13½	17½
(*407)	420	12½	22	33½	20	28	30½
Tesco	240	18½	–	–	2¼	–	–
(*255)	260	8	15½	19½	10½	10½	15
Thames Water	370	20½	28½	–	5	9½	–
(*382)	390	–	–	25	–	–	21
Vodafone	330	52½	59½	–	1¼	7	–
(*373)	360	25½	37½	–	9½	14½	–

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Abbey Nat.	280	16	25½	33	½	4½	16½
(*297)	300	1¼	12½	20½	6	13	16½
Amstrad	50	3¼	7	9¾	½	3½	5¼
(*53)	60	¼	1½	3½	17	17	19
Barclays	420	39	52½	64½	½	5	10½
(*459)	460	4½	25	37½	5	16½	25
Blue Circle	240	19½	28	35	½	4	7
(*259)	260	3	15½	23	5	12½	15½
British Gas	260	14	23	28	1	3¾	7
(*274)	280	2	11½	16	7	10	14½
Dixons	240	18	28	36	½	5½	9½
(*258)	260	3¼	17	24	5	12½	17½
Eurotunnel	500	15	46½	67	5½	26½	40
(*515)	550	1½	27½	–	42½	47½	–
Glaxo	1350	37½	98½	138	5	37½	52
(*1384)	1400	8½	71	108	27	58½	71½
Hawker Sidd.	750	–	39	40½	–	25	25
(*757)	800	–			–		
Hillsdown	240	15	23	30	½	5½	9
(*255)	260	1¼	10½	18½	6	13½	16½
Lonrho	220	17½	27	29	½	3½	8½
(*237)	240	2¾	13½	17½	5	11	17½
Midland Bk	240	12	27½	34	1	7½	11½
(*252)	260	1¼	14½	23	7½	15½	21½
National Power	140	22	24½	26	½	1¾	3¼
(*162)	160	3¼	11½	13½	2¾	7	9½
Reuters	900	52	93	118	¼	24	37½
(*953)	950	14½	61½	88	13½	42½	58½
R. Royce	140	5½	12	17	1	4½	9
(*145)	160	½	4¼	7¼	15	16	19½
Scottish Power	110	6¼	11	13	½	3¼	5
(*116)	120	1¼	4¼	8	5	8	10½
Sears	80	9	10½	13	½	2½	3¼
(*89)	90	1	4¾	7½	3¼	6½	8
THF	260	11½	17½	26½	1¼	7	9
(*272)	280	1¼	8	16½	10½	17½	20
Thorn EMI	800	17½	43½	61	2½	22½	29½
(*815)	850	1½	19	36½	36	46½	48½
TSB	140	6	13	15½	½	3¼	6½
(*146)	160	½	4¼	6¼	14½	15½	16½
Vaal Reefs	60	4	8¼	10	¾	4½	7
(*$62)	70	¾	4	6	8	10¼	13
Wellcome	700	47½	73½	95½	1	17	27½
(*748)	750	9½	43½	68½	10½	36½	48½

EURO FT-SE INDEX (*2680)

	2425	2475	2525	2575	2625	2675	2725	2775
CALLS								
Sep	189	140	91	46½	15½	3	1	½
Oct	206	160	121	82½	51½	29½	14½	7
Nov	226	–	144	–	78½	–	35½	–
Dec	246	–	168	–	102	–	57	–
Mar	295	–	217	–	155	–	102	–
Jun	335	–	270	–	205	–	150	–
PUTS								
Sep	1½	2	5½	9	25½	62½	110	167
Oct	9	13½	20	30½	48½	74	108	149
Nov	15½	–	29½	–	60	–	114	–
Dec	22	–	38	–	70½	–	120	–
Mar	40	–	57½	–	85	–	130	–
Jun	52½	–	75	–	105	–	142	–

FT-SE INDEX (*2680)

	2400	2450	2500	2550	2600	2650	2700	2750
CALLS								
Sep	215	166	118	68½	28½	7½	1½	½
Oct	233	186	142	101	64½	40	20	9
Nov	241	204	164	124	91½	63	41½	25½
Dec	272	226	186	151	115	87	63	42½
Jun †	355	–	285	–	220	–	165	–
PUTS								
Sep	½	1½	3½	7	17	50½	100	150
Oct	7	11	17	26	41	70	106	151
Nov	13½	19½	27½	39½	57	81	114	155
Dec	23	27	38½	50½	66	87½	118	158
Jun †	57½	–	75	–	110	–	160	–

September 20 Total Contracts 20,894
Calls 10,606 Puts 31,500
FT-SE Index Calls 1,540 Puts 4,665
Euro FT-SE Calls 59 Puts 305
*Underlying security price. † Long dated expiry mths
Premiums shown are based on middle prices.

INTERNATIONAL COMPANIES AND FINANCE

Skopbank rescue plan to include FM2bn injection

By Enrique Tessieri in Helsinki

SKOPBANK, the central bank for Finland's 115 savings institutions, is to receive a FM2bn ($487.8m) injection of capital as part of a rescue package from the Bank of Finland.

It also became clear yesterday that the Bank of Finland is drawing up plans to dispose of some of Skopbank's shareholdings, notably its 60 per cent stake in Tampella, the ailing forest products and metals group.

On Thursday the Bank of Finland took control of Skopbank, which has been hit by economic recession and the slump in the Finnish property market. Yesterday the central bank hinted that it would probably retain control of Skopbank for two years.

According to Mr Esko Ollila, a Bank of Finland director, the central bank was presently studying the possibility of creating one or possibly two separate holding companies to facilitate Skopbank's rescue. The reasoning behind the creation of a number of holding companies would be to facilitate Tampella's decoupling from Skopbank. A decision is expected next week.

Mr Ollila added that the severe recession in Finland and the lethargic state of the Helsinki Stock Exchange had made it virtually impossible for the Bank of Finland to sell Skopbank's large shareholdings directly through the stock market.

For the first four months of this year Tampella turned in a pre-tax loss of FM482m, against a loss of FM4m during the same period in 1990. Tampella will publish its eight-month interim results towards the end of next month.

Tampella yesterday asked the Helsinki bourse to suspend share trading. The company said that changes in its ownership were taking place. "The detailed arrangements are not yet completed," it said in a statement.

However, Mr Timo Summa, Tampella's general manager, strongly rebuffed rumours that his company would be ripe for bankruptcy.

"We will be able to close our books at the end of August as well as at the end of December," he said.

The Skopbank affair has encouraged the Finnish government to take action to revamp present insurance deposit schemes so they would have greater reserves for emergency situations.

The insurance deposit scheme for the savings bank group is FM100m. It is to be raised to FM200m.

Salomon owns up to further misconduct

By Nikki Tait in New York

SALOMON Brothers, the scandal-hit US investment bank, said yesterday that it believed two further instances in which it submitted unauthorised bids during US Treasury auctions had come to light.

Salomon also admitted that this was unlikely to be the end of its misconduct disclosures. "It seems to us likely that still other instances of similar behaviour will be uncovered in the future through our internal review or by the investigating authorities," the bank stated in a formal release.

Deryck Maugham: taken over day-to-day running

The scandal started when Salomon, one of the most powerful traders in the government bond market, disclosed that in several recent Treasury auctions it had bought substantially more than the 35 per cent of an issue which any one firm is allowed to control. In the process, it had submitted bids in the names of customers who had not authorised it to do so.

The late reporting of this rule-breaking to the authorities led Mr John Gutfreund, Salomon's chairman, and other senior executives to resign. The day-to-day running of Salomon was taken over by Mr Deryck Maugham. Various investigations of Salomon's behaviour and the Treasury auction market generally are now under way.

Salomon said that the latest evidence of unauthorised customer bids being submitted during auctions followed receipt of "documentation from governmental authorities that was not in the files".

Salomon added that it had been "asked by the US attorney's office for the Southern District of New York and the anti-trust division of the Department of Justice to provide details of these instances of misconduct only to the investigating agencies in order to avoid jeopardising or in any way compromising the investigations that are under way".

New England banks expected to merge

By Alan Friedman in New York

A MERGER between the Bank of Boston and the Shawmut National Bank, which would create the biggest bank in New England and the 10th largest in the US, is thought to be imminent.

The merger of the two loss makers – the latest in the flurry of bank combinations that began last July with the deal between Chemical Bank and Manufacturers Hanover of New York – would create a Boston-based bank with $55bn of assets.

The deal would bring together two of the banks hardest hit by bad debts in the property market and other woes of the New England economy. It was the region's severe recession that contributed to the failure last January of the Bank of New England (BNE). BNE was later acquired by Fleet/Norstar.

The aim of the merger would be to cut costs and seek a return to profitability by shedding staff, eliminating overlapping branches and strengthening the combined banks' franchise in five New England states.

The Bank of Boston, which over the past year reduced its workforce by nearly 2,000 to 16,300, suffered $138m of losses in the first six months of this year, after a $395m loss in 1990.

The bank, with 254 branches in Massachusetts, Connecticut, Vermont, Maine and Rhode Island, has $1.75bn of problem loans. Assets total $32.3bn.

Shawmut, which has dual headquarters in Hartford, Connecticut, and Boston, has reduced its workforce by nearly 1,000 to 11,500 over the past 12 months. Shawmut recorded $175.4m of losses in the first half of the current year, in the wake of a $133m deficit in 1990.

The bank's assets are $22.7bn and its problem loans amount to $1.6bn. It has 340 branches in Massachusetts, Connecticut and Rhode Island.

Analysts say the merged bank would probably cut 3,000 to 4,000 jobs, or up to 14 per cent of its combined workforce of 27,800. One feature of the deal that federal bank regulators are believed to be examining is a plan to raise more than $500m of fresh capital as a hedge against prospective loan losses.

Fleet/Norstar's takeover of the Bank of England created an entity with $46bn of assets, the largest in the region. This would be overtaken by a merger of Bank of Boston and Shawmut.

Talks between the two institutions are believed to have started last spring. Neither bank would comment on the merger talks, but analysts believe that it could involve a stock swap of just under one Bank of Boston share for each Shawmut share.

Southeast reopened by new owner

By George Graham in Washington

BRANCHES of the failed Southeast Bank yesterday reopened their doors under the name of their new owner, First Union, after a speedy rescue operation by US banking supervisors.

The Florida bank was forced to close on Thursday when the Federal Reserve cut off the central bank financing that had kept it afloat.

The Fed was notified by the comptroller of the currency – one of several tiers of banking supervision in the US – that Southeast was no longer viable as a privately funded institution because of its poor financial condition.

"A bank can close both on a capital basis and on a liquidity basis. This bank failed on a liquidity basis," said Mr William Seidman, chairman of the Federal Deposit Insurance Corporation (FDIC), which guarantees depositors in the event of a bank failure and which was immediately placed in charge of Southeast.

FDIC then completed arrangements for a bailout operation with First Union, which agreed to pay $212m to take over Southeast's deposits and assets, except for property.

Southeast has a history of poor management decisions and suffered from its heavy concentration on commercial property loans. With non-performing assets reaching 10 per cent of its loan book, it reported a second-quarter loss of $139m, contributing to a run on deposits, which fell by 29 per cent in the first eight months of this year.

The bailout differs from earlier rescues such as the takeover of Bank of New England by Fleet/Norstar in April both by the speed with which supervisors acted and in the structure used.

In the past, FDIC has typically absorbed all the bad loans of the failed bank and paid the acquirer a fee to handle these non-performing assets for it. In the case of Southeast, FDIC will bear only 85 per cent of the losses, with First Union exposed to a 15 per cent share of losses.

This arrangement is intended to reduce the "credit crunch" for existing borrowers which usually occurs, and is also expected to reduce FDIC's losses by encouraging First Union to manage the bad loan portfolio in the best possible manner.

Telefonica sells stake in Fujitsu España

By Peter Bruce in Madrid

TELEFONICA, the Spanish state-controlled telecommunications monopoly, has taken a key step in its withdrawal from the telecom equipment industry by selling a 40 per cent stake in Fujitsu España back to the Japanese parent company for around $300m.

Telefonica had become dissatisfied with its joint venture with Fujitsu, which makes data-processing equipment and other telecoms peripherals, following the Japanese group's acquisitions of ICL in the UK and, through ICL, Nokia Data of Finland. Telefonica believed Fujitsu was shifting its concentration away from Spain.

As Telefonica is the biggest buyer of telecom equipment in Spain, Fujitsu had little choice but to accede to Telefonica's desire to extricate itself from the joint venture. Because the parting has been amicable, analysts expect Fujitsu España Telefonica to survive in the domestic market despite making a loss last year.

Fujitsu España's shareholders yesterday agreed to a Pta5.5bn ($51.9m) capital increase.

Telefonica is finding it more difficult to walk away from its two biggest industrial investments – 21.14 per cent of Alcatel Standard Electrica, its biggest switch supplier, and 10 per cent of Telettra Espanola, its main supplier of transmission equipment.

In approving the merger of Alcatel of France and Telettra of Italy last April, the European Commission said this would be conditional on Telefonica selling to Alcatel its stakes in the domestic Alcatel and Telettra affiliates.

Telefonica said it was still negotiating the sale.

BHP falls sharply in quarter

By Kevin Brown in Sydney

BROKEN Hill Proprietary (BHP), Australia's biggest company, yesterday blamed depressed market conditions for a 42 per cent fall in net profits to A$232m (US$182.6m) for the first quarter to the end of August.

The result, around A$10m higher than market forecasts, partly reflects the impact of recession on BHP's steel division, which reported a fall of A$66m to A$49m in net operating profits.

However, most of the reduction in profits was due to the inclusion in the earlier quarter of abnormal profits of A$114m relating to the sale of the group's holding in Woodside Petroleum.

The fall in profits is reduced to 13 per cent when the impact of the Woodside sale is excluded. The result was also an improvement on the fourth quarter of last year, when the group had made net profits of A$199m.

BHP said sales had been down 10 per cent to A$3.7bn, largely because of the loss of revenue from Woodside. Lower steel revenues were partially offset by the inclusion for the first time of sales from the Escondida copper mine in Chile, which had been commissioned in December.

Escondida was the biggest factor in an increase of 35 per cent to A$177m in net operating profits by the minerals division, which also increased exports of Australian coal. The division benefited from increases in iron ore prices and favourable exchange rates.

Despatches by the steel division to domestic customers were down 15 per cent, but the fall in export sales was restricted to 8 per cent. BHP said the division's performance was an improvement on the previous two quarters.

The petroleum division reported net earnings of A$130m, an improvement of 10 per cent after excluding the impact of last year's Woodside sale.

The results include 100 per cent of the earnings of Hamilton Oil since July 2, when shareholders approved a merger of the company with BHP. In addition, BHP has also consolidated the contribution from Beswick, a joint venture vehicle with Foster's Brewing, formerly Elders IXL, which owns 22 per cent of BHP.

The directors said the group would pay an unchanged interim dividend of 19.5 cents fully franked.

Glaverbel tumbles to BFr268m

By David Gardner in Brussels

GLAVERBEL, the Belgian flat glass maker majority-owned by Asahi Glass of Japan, yesterday announced a big fall in first half net earnings to BFr268m ($7.7m), against BFr1.5bn for the first half of last year.

The group said the recession and stiffer competition had driven commodity glass prices down to their lowest levels for 15 years. The outlook for the second half was marginally better, but Glaverbel said it was expecting 1991 to be worse than forecast at the beginning of the year.

One ray of light for Glaverbel is that Glavunion, the privatised Czech flat glass company in which it bought a majority stake this year for $61.2m, is already making a profit.

Edison profits climb 64% to L67bn in first half

By Haig Simonian in Milan

EDISON, the stock market-listed energy company controlled by Italy's Montedison group, raised net profits by 64 per cent to L67bn in the first six months of this year. Sales rose by 12 per cent to L277.7bn ($219.8m).

The company said the increased profits had stemmed from both higher tariffs and a more efficient business mix. Edison was also helped by a sharp fall in net debt, which dropped to L135bn at end-June against L260bn at the end of last year.

Edison made no profits forecast for the year as a whole. Net profits in 1990 amounted to L92.3bn. However, it said earnings next year would benefit from its current investment programme, notably the introduction of a large plant at its Porto Marghera site near Venice.

● Pre-tax profits at Sasib, the diversified machinery group controlled by Mr Carlo De Benedetti's CIR holding company, fell to L61.1bn in the first six months of this year from L70.4bn in the 1990 half.

Although sales rose by 11.2 per cent to L364.2bn, group turnover, adjusted for acquisitions, fell by 6.2 per cent.

Sasib attributed the sales decline to the one-off boost early last year from a big order for the Soviet Union. Meanwhile, earnings were affected by the recession in many markets early this year and by restructuring costs at some newly acquired loss-making businesses.

● The Italian Treasury is offering L8,500bn of seven-year variable-rate certificates (CCTs) and L7,000bn of five- and 10-year bonds at its end-month auction. The CCTs, dated October 1 1998, are offered at L96.60 each.

Pohjola in Soviet venture with AIG

POHJOLA, the Finnish insurance group, and American International Group (AIG) plan to set up an insurance company in the Soviet Union, Reuter reports from Helsinki.

Pohjola said it would take a 20 per cent stake in the new company. AIG and the Savings Bank of the USSR would have 40 per cent each.

The new company intends to offer insurance for companies, individuals and groups, including life, non-life, homeowners' liability, travel and accident policies.

Pohjola and AIG already have a joint venture in Estonia in which numerous Estonian companies are partners.

Fletcher sees setback from Canadian forestry business

By Bernard Simon in Toronto

FLETCHER Challenge, New Zealand's biggest industrial group, expects earnings to fall in its current fiscal year as a result of the poor outlook for its forestry business in Canada.

Mr Hugh Fletcher, chief executive, said in Toronto that the decline in prices for forestry products and in the competitiveness of the Canadian industry has been "much more severe than we envisaged".

Fletcher's earnings fell by 16 per cent to NZ$555m (US$326.5m) in the year to end-June.

Fletcher Challenge Canada, which is 72 per cent owned by the New Zealand company, posted a loss of C$27.2m (US$23.9m) for the first half of 1991, and Mr Fletcher said the company was still suffering a "substantial loss".

The company is currently in the process of reducing its exposure to the Canadian forestry industry. A number of unidentified Asian companies have expressed interest in buying half of Fletcher's large Crofton mill in British Columbia, but Mr Fletcher said he did not expect a deal to be finalised for some time.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991	Low 1991
Gold per troy oz.	$348.30	+4.10	$389.25	$392.25	$353.55
Silver Per troy oz	236.20p	+6.45	260.75p	260.55	183.35p
Aluminium 99.7% (cash)	$1188.5	-36	$2227.5	$1570	$1188.5
Copper Grade A (cash)	£1365.5	+26	£1577.5	£1472	£1241.0
Lead(cash)	£309.25	-4	£442	£362.5	£292.5
Nickel (cash)	$7487.5	-360	$9825	$9237.5	$7487.5
Zinc SHG (cash)	$1028	-11	$1482.5	$1430	$1014
Tin (cash)	$5535	-75	$5815.0	$5915	$5470
Cocoa Futures (Dec)	£766	+24	£766	£747	£596
Coffee Futures (Nov)	£539	-23	£610	£613	£520
Sugar (LDP Raw)	$233.5	-2	$285	$293	$194
Barley Futures (Nov)	£114.60	+1.20	£113.85	£121.50	£107.75
Wheat Futures (Nov)	£118.10	+1.20	£112.60	£141.10	£111.80
Cotton Outlook A Index	69.55c	+0.15	82.20c	86.25c	69.40c
Wool (64s Super)	357p		438p	421p	329p
Oil (Brent Blend)	$20.45x	+0.225	$34.625	$29.15	$16.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb x-Nov.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$17.50-7.60z	+.175
Brent Blend (dated)	$20.55-0.65	+.175
Brent Blend (Nov)	$20.40-0.50	+.125
W.T.I. (1 pm est)	$21.90-1.95	+.275
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$245-247	-2
Gas Oil	$195-196	+1
Heavy Fuel Oil	$72-73	
Naphtha	$206-208	+2.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$348.30	-0.55
Silver (per troy oz)♣	407.5c	
Platinum (per troy oz)	$354.0	-1.7
Palladium (per troy oz)	$82.0	-0.35
Copper (US Producer)	111.0c	+1.0
Lead (US Producer)	34.0c	
Tin (Kuala Lumpur market)	15.00r	
Tin (New York)	256.5c	-2.5
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	101.66p	-0.52*
Sheep (dead weight)†	101.72p	-6.31*
Pigs (live weight)†	79.60p	+6.02*
London daily sugar (raw)	$233.5j	-3.5
London daily sugar (white)	$268.5j	-2.0
Tate and Lyle export price	£244.0	-2.0
Barley (English feed)	£114.0	
Maize (US No. 3 yellow)	£141.5u	
Wheat (US Dark Northern)	£97.0	
Rubber (Oct)♥	61.50p	
Rubber (Nov)♥	52.00p	
Rubber (KL RSS No 1 Oct)	222.0r	
Coconut oil (Philippines)§	$462.5j	+5.0
Palm Oil (Malaysian)§	$327.5q	
Copra (Philippines)§	$297.5j	
Soyabeans (US)	£160.0	-2.5
Cotton "A" index	69.55c	-0.30
Wooltops (64s Super)	357p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Dec t-Sep/Dec u-Oct x-Sep y-Aug/Sep z-Nov j-Oct/Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Oct	203.00	205.60	202.00 200.00
Dec	184.20	190.00	180.00
Mar	189.20	189.00	190.00 187.20
May	189.20	188.40	187.00
White	**Close**	**Previous**	**High/Low**
Dec	285.5	285.5	284.0 282.5
Mar	285.5	285.0	284.0 282.0
May	282.0	281.5	281.1 278.5
Aug	283.0	282.5	281.0 280.0
Oct	283.0		261.8 259.8

Turnover: Raw 331 (1243) lots of 50 tonnes. White 1397 (1440)
Paris- White (FFr per tonne): N/A

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low
Nov	20.39	20.27	
Dec	20.46	20.25	20.50 20.25
Jan	20.40	20.12	20.40 20.22
Mar	20.26	19.80	20.26 20.10
IPE Index	19.83	20.38	19.86 19.83

Turnover 6740 (20983)

GAS OIL – IPE ($/tonne)

	Close	Previous	High/Low
Oct	196.00	195.25	196.50 193.75
Nov	198.25	197.50	198.50 196.00
Dec	199.25	198.25	199.25 197.00
Jan	196.50	195.75	196.50 195.00
Feb	190.75	190.00	191.00 190.50
Mar	184.25	183.75	183.50
Apr	179.00		179.00
May	174.50	174.50	174.50

Turnover 4498 (3488)lots of 100 tonnes

SPICES
The activity in the pepper market this week left a lot to be desired, since activity usually increases at this time of the year, reports Man-producten. White pepper prices came off slightly; now offered at US$1,250-$1,275 cif. Origin remains very steady at $1,300 cfr. Black pepper prices also eased, mainly due to more selling pressure from Brazil; offered at $1,050 cif. As soon as the market gets more buying support prices are likely to recover.

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
Sep	738	719	720
Dec	766	752	770 752
Mar	802	788	806 789
May	821	808	822 813
Jul	841	828	843 833
Sep	860	846	863 851
Dec	884	868	883 880
Mar	912	892	909 895
May	928	910	924 917
Jul	943	929	944 935

Turnover: 4997 (3936) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 19 950.16 (962.64) 10 day average for Sep 20 944.67 (943.64)

COFFEE – London FOX (£/tonne)

	Close	Previous	High/Low
Sep	516	511	520 515
Nov	539	535	543 536
Jan	559	556	564 557
Mar	574	571	579 572

Turnover:2271 (3035) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Sep 19 : Comp. daily 66.83 (66.64) 15 day average 67.27 (67.16)

POTATOES – London FOX (£/tonne)

	Close	Previous	High/Low
Mar	135.0	135.0	134.0
Apr	127.2	126.4	127.9 125.0

Turnover 289 (315) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)

	Close	Previous	High/Low
Oct	136.00	136.00	

Turnover 0 (47) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)

	Close	Previous	High/Low
Oct	1690	1690	1695 1684
Jan	1727	1728	1725 1718
Apr	1725	1728	1725
BFI	1540	1541	1540

Turnover 172 (90)

GRAINS – London FOX (£/tonne)

Wheat	Close	Previous	High/Low
Sep	116.50	115.85	116.90 116.50
Nov	118.10	117.65	118.40 118.00
Jan	121.50	120.95	121.60 121.35
Mar	124.55	124.05	124.60 124.55
May	127.65	127.10	127.80 127.45
Jun	129.10		129.25
Barley	**Close**	**Previous**	**High/Low**
Nov	114.60	114.10	114.60 114.40
Jan	118.25	117.75	118.25 118.00
Mar	120.65		120.65
May	122.40		122.50 122.15

Turnover: Wheat 712 (392), Barley 228 (110).
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Oct	105.0	108.0	105.0 104.5
Nov	108.0	108.3	108.5 108.0

Turnover:74 (18) lots of 3,250 kg

HGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	135.61	135.73			
Oct	136.00	135.80	136.00		60
Nov	135.90	136.30	136.20	135.90	90
Dec	136.50	136.50	136.50	136.00	125
Mar	136.60		137.10	136.60	75

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 18,338 lots	
Cash	1188-9	1188-9	1187	1186-7		
3 months	1217-8	1216-7	1220/1210	1214-5	1215-6	105,251 lots
Copper, Grade A (£ per tonne)					Total daily turnover 19,828 lots	
Cash	1365-6	1339.5-40.5	1364/1352	1352-3		
3 months	1349-9.5	1333.5-4	1351/1338	1339-9.5	1346-7	113,972 lots
Lead (£ per tonne)					Total daily turnover 1,656 lots	
Cash	309-9.5	309.5-10.5	309	309-9.5		
3 months	319-9.5	319-20	319/318.5	318.5-9	318.5-9	13,335 lots
Nickel ($ per tonne)					Total daily turnover 4,157 lots	
Cash	7495-500	7475-500	7570	7580-5		
3 months	7540-50	7530-50	7610/7525	7601-5	7600-10	16,369 lots
Tin ($ per tonne)					Total daily turnover 973 lots	
Cash	5530-40	5575-85	5630/5510	5500-10		
3 months	5605-15	5655-60	5630/5580	5580-3	5600-5	5,670 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 9,681 lots	
Cash	1027.5-8.5	1028-30		1025-6		
3 months	1047-8	1049-9.5	1048/1045	1045-6	1045-6	28,893 lots

LME Closing £/$ rate:
SPOT: 1.7303 3 months: 1.7079 6 months: 1.7058 9 months: 1.6806

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	348.10-348.60	
Opening	347.10-347.60	
Morning fix	347.55	201.420
Afternoon fix	348.60	201.785
Day's high	348.70-348.90	
Day's low	347.10-347.50	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.21	6 months	5.05
2 months	5.17	12 months	4.99
3 months	5.13		

Silver fix	p/fine oz	US cts equiv
Spot	236.30	407.25
3 months	242.20	412.65
6 months	247.75	418.15
12 months	259.50	430.45

GOLD COINS
supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	348.50-349.50	201.75-202.25
Maple leaf	359.00-360.50	208.00-208.60
New Sovereign	85.00-86.00	49.25-49.75

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Oct	Dec	Oct	Dec
1150	48	77	1	10
1250	1	21	54	53
1350		3	152	134
Copper (Grade A)	**Calls**		**Puts**	
2250	95	102	$2\frac{1}{2}$	41
2350	24	$51\frac{1}{2}$	$30\frac{1}{2}$	89
2450	2	22	108	158
Coffee	**Nov**	**Jan**	**Nov**	**Jan**
500	31	66	2	8
550	9	33	20	25
500	1	15	62	57
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
725	60	102	21	26
750	46	86	32	35
775	34	72	45	46
Brent Crude	**Nov**	**Dec**	**Nov**	**Dec**
2000			28	
2050	31	31		
2100	17	36		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Sep	348.5	348.3	0	0
Oct	348.9	348.8	349.2	348.0
Nov	350.4	350.3	0	0
Dec	352.1	352.0	352.5	351.3
Feb	355.2	355.1	354.3	354.3
Apr	358.0	357.9	358.0	357.7
Jun	361.0	3360.9	361.2	360.8
Aug	364.1	364.0	0	0
Oct	367.2	367.1	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Oct	354.9	355.3	355.5	354.0
Jan	359.1	359.5	359.9	358.2
Apr	363.1	363.5	363.5	362.5
Jul	366.9	367.2	0	0
Oct	373.9	374.2	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Sep	406.7	406.6	405.5	404.5
Oct	409.2	407.1	0	0
Nov	411.4	409.3	0	0
Dec	413.8	411.7	414.0	409.5
Jan	415.9	413.8	0	0
Mar	420.5	418.4	420.5	416.0
May	425.0	422.9	0	0
Jul	429.3	427.2	0	0
Sep	434.1	432.0	0	0
Dec	441.4	439.3	441.5	439.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	110.10	107.00	110.40	108.00
Oct	107.65	105.10	108.00	106.20
Nov	106.45	104.00	106.00	105.60
Dec	105.40	103.20	105.60	104.00
Jan	104.20	102.40	0	0
Feb	103.50	101.65	0	0
Mar	102.70	101.00	102.80	102.15
Apr	102.05	100.60	0	0
May	101.40	100.06	101.60	101.60

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Oct	22.02	21.76	22.05	21.72
Nov	21.85	21.66	21.86	21.61
Dec	21.73	21.57	21.75	21.51
Jan	21.58	21.42	21.56	21.37
Mar	21.15	21.10	21.17	21.08
Apr	21.05	20.95	21.00	20.90
May	20.93	20.82	20.96	20.88
Jul	20.73	20.63	20.70	20.62

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Oct	6236	6185	6240	6145
Nov	6345	6283	6360	6260
Dec	6460	6401	6470	6370
Jan	6485	6431	6480	6395
Feb	6330	6303	6330	6265
Mar	6085	6053	6065	6030
Apr	5830	5820	5830	5800
May	5675	5668	5675	5665
Jun	5600	5568	0	0
Jul	5505	5523	0	0

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1233	1216	1244	1225
Mar	1287	1268	1295	1277
May	1316	1295	1318	1308
Jul	1336	1318	1350	1345
Sep	1359	1340	1370	1365
Dec	1391	1373	1400	1388
Mar	1427	1410	1432	1425
May	1450	1433	0	0
Jul	1475	1456	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	90.80	90.26	91.40	89.30
Mar	93.86	93.35	94.40	92.65
May	96.30	95.75	96.30	94.75
Jul	98.50	98.00	98.50	96.60
Sep	101.00	101.00	101.00	101.00
Dec	104.75	105.25	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	8.93	8.99	9.01	8.80
Mar	8.73	8.77	8.82	8.68
May	8.71	8.71	8.73	8.63
Jul	8.71	8.66	8.72	8.64
Oct	8.63	8.65	8.67	8.60

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	66.07	64.38	66.38	64.48
Dec	67.66	65.74	67.74	66.05
Mar	69.10	67.15	69.15	67.40
May	69.70	67.82	69.82	68.10
Jul	70.00	68.22	70.00	69.00
Oct	67.50	66.85	67.25	66.80

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	122.50	123.25	125.00	122.30
Jan	121.60	120.60	123.75	120.25
Mar	122.00	121.25	122.65	120.60
May	123.00	122.00	123.00	122.00
Jul	123.00	121.95	123.00	123.00
Sep	123.00	121.95	0	0
Nov	123.00	121.95	0	0
Jan	123.00	121.95	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Sep 20	Sep 19	mnth ago	yr ago
1666.7	1644.3	1651.3	1801.5

DOW JONES (Base: Dec. 31 1974 = 100)

	Sep 19	Sep 18	mnth ago	yr ago
Spot	117.57	117.40	117.47	129.09
Futures	123.78	123.64	121.47	131.48

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	599/0	603/4	618/0	598/0
Jan	610/6	614/4	629/4	609/6
Mar	620/4	624/4	638/0	620/0
May	628/0	630/2	643/0	627/0
Jul	632/2	634/4	647/0	632/0
Aug	629/0	632/4	641/0	629/0
Sep	603/0	608/4	617/0	603/0
Nov	593/2	595/2	606/0	592/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Oct	20.71	20.71	21.10	20.65
Dec	21.04	21.08	21.46	21.00
Jan	21.23	21.28	21.58	21.22
Mar	21.54	21.63	21.90	21.53
May	21.81	21.86	22.25	21.81
Jul	22.11	22.20	22.50	22.10
Aug	22.20	22.27	22.20	22.20
Sep	22.17	22.22	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Oct	193.6	196.2	201.0	193.0
Dec	191.0	193.8	198.5	190.8
Jan	189.5	191.8	196.3	189.5
Mar	187.9	190.3	194.0	187.5
May	185.3	187.7	191.5	185.2
Jul	185.2	186.6	190.0	185.0
Aug	185.5	185.5	187.5	185.0
Sep	184.0	185.0	185.5	184.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	250/0	253/4	256/2	249/4
Mar	258/0	260/6	263/6	257/6
May	262/4	265/4	267/6	262/2
Jul	265/0	268/0	270/0	264/6
Sep	254/6	256/0	256/4	254/4
Dec	251/2	252/4	253/6	251/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	330/4	334/0	335/6	329/4
Mar	332/4	336/4	337/4	331/2
May	326/2	328/4	330/0	325/2
Jul	310/4	314/0	316/0	310/0
Sep	317/0	320/4	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	73.37	73.67	73.95	73.25
Dec	76.25	76.35	76.55	76.10
Feb	74.35	74.52	74.65	74.25
Apr	74.82	75.05	75.15	74.80
Jun	72.80	72.70	72.75	72.45
Aug	70.72	70.70	71.30	70.72

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	46.57	46.85	47.00	46.55
Dec	46.25	46.12	46.50	45.95
Feb	45.17	45.15	45.50	44.90
Apr	42.95	42.70	43.00	42.65
Jun	47.02	46.65	47.05	46.75
Jul	47.10	47.02	47.15	47.00
Aug	45.65	45.45	45.60	45.37

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	49.47	51.12	51.25	49.12
Mar	49.55	51.20	51.17	49.20
May	50.70	52.20	51.35	50.20
Jul	50.90	52.20	51.05	50.70
Aug	48.50	49.85	0	49.50

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar gradually edges higher

THE dollar edged gradually higher before finishing below the best levels of the day as doubts persisted about the strength of the US's recovery out of recession.

The US currency had begun the day firmly in Europe after Far Eastern dealers had pushed it higher on short-covering before the long holiday weekend in Tokyo and Hong Kong. Japan is closed on Monday for Autumnal Equinox and Hong Kong for the mid Autumn festival.

The dollar moved as high as DM1.6950 but then struggled to break above resistance at that level. Dealers said turnover was generally low.

In Europe the dollar held near to Tokyo's closing levels but when New York opened there was an attempt to carry on the Far Eastern advance. But once again the dollar ran into resistance, this time just below DM1.70.

Holding the dollar back was a report from the Federal Reserve in Philadelphia, which provides one of the first, limited indications of economic activity in September. According to the Philadelphia Fed, orders were growing at a far slower pace than in August.

This confirmed other recent economic indicators which have pointed to a slower pace of recovery than was initially believed and also revived speculation that there will be further reductions in interest rates.

Analysts also believe that a medium sized order to sell dollars for Deutschemarks in New York had helped push the dollar back from its highs. With turnover low, even modest orders can have an exaggerated effect on currency rates, they said.

Further evidence on the state of the economy will come next week and economists expect these reports to reinforce a picture of a sluggish recovery. On Tuesday, the consumer confidence index for September is published. Only a slight rise is expected.

August durable goods figures are released on Wednesday and a decline of around 5 per cent is expected after the 11.2 per cent increase in July. Later in the week, second quarter gross national product and personal income and expenditure data are released.

The dollar closed lower at DM1.6870 from DM1.6890; at SFr1.4730 from SFr1.4780; at Y134.40 from Y134.45; at FFr5.7450 from FFr5.7550. The dollar's index finished unchanged at 65.1.

Sterling edged higher as speculation about an early general election receded slightly after recent opinion polls put the Labour party on equal rating with the ruling Conservative party.

Sterling closed lower at DM2.9150 from DM2.9200; at $1.7275 from $1.7285; SFr2.5450 from SFr2.5550; at Y232.00 from Y232.50; at at FFr9.9250 from FFr9.9475.

£ IN NEW YORK

Sep.20	Latest	Previous Close
£ Spot	1.7295-1.7305	1.7295-1.7305
1 month	0.72-0.70pm	0.72-0.70pm
3 months	1.99-1.96pm	2.00-1.97pm
12 months	6.60-6.50pm	6.60-6.50pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY MOVEMENTS

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) *Rates are for Sep.19

CURRENCY RATES

OTHER CURRENCIES

* Selling rate.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.7275	1.7206	1.7079	1.6922	1.6632
D-mark	2.9150	2.9098	2.8988	2.8844	2.8580
French Fr.	9.9250	9.9071	9.8677	9.8207	9.7305
Swiss Fr.	2.5450	2.5417	2.5353	2.5274	2.5155
Yen	232.00	231.85	231.66	231.46	231.76

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Sep 20	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.699	-3.69	5.14	64
Belgian Franc	42.4032	42.2348	-0.40	1.66	24
D-Mark	2.05586	2.04946	-0.31	1.57	26
Dutch Guilder	2.31643	2.30980	-0.29	1.55	19
Italian Lira	1538.24	1533.81	-0.29	1.55	19
Irish Punt	0.767417	0.767047	-0.05	1.30	7

Ecu central rates set by the European Commission. Currencies are in descending relative strength.

POUND SPOT - FORWARD AGAINST THE POUND

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

Sep 20	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10 3/4 - 10 5/8	10 3/4 - 10 5/8	10 5/8 - 10 1/2	10 5/8 - 10 1/2	10 1/2 - 10 3/8	10 1/4 - 10
US Dollar	5 1/4 - 5 1/8	5 1/4 - 5 1/8	5 5/8 - 5 1/2	5 5/8 - 5 1/2	5 3/4 - 5 5/8	5 7/8 - 5 3/4
Can. Dollar	8 3/8 - 8 1/4	8 3/8 - 8 1/4	8 1/8 - 8	8 3/8 - 8 1/4	8 1/2 - 8 3/8	8 5/8 - 8 1/2
Dutch Guilder	9 1/4 - 9 1/8	9 1/4 - 9 1/8	9 3/8 - 9 1/4	9 3/8 - 9 1/4	9 3/8 - 9 1/4	9 3/8 - 9 1/4
Swiss Franc	8 1/8 - 8	8 3/8 - 8 1/4	8 3/8 - 8 1/4	8 1/8 - 8	8 1/8 - 8	7 7/8 - 7 3/4
D-Mark	9 1/8 - 9	9 1/4 - 9 1/8	9 1/4 - 9 1/8	9 3/8 - 9 1/4	9 1/2 - 9 3/8	9 5/8 - 9 1/2
French Franc	9 3/4 - 9 1/2	9 3/4 - 9 5/8	9 3/4 - 9 5/8	9 7/8 - 9 3/4	9 7/8 - 9 3/4	9 7/8 - 9 3/4
Italian Lira	12 - 10	11 1/2 - 10 1/2	11 1/2 - 11	11 1/2 - 11	11 5/8 - 11 3/8	11 3/4 - 11 1/2
Belgian Franc	9 1/4 - 9 1/8	9 3/8 - 9 1/4	9 3/8 - 9 1/4	9 1/2 - 9 3/8	9 5/8 - 9 1/2	9 1/2 - 9 3/8
Yen	7 1/8 - 6 7/8	7 1/4 - 7 1/8	7 1/8 - 6 7/8	6 5/8 - 6 1/2	6 5/8 - 6 1/2	6 3/8 - 6 1/4
Danish Krone	9 3/4 - 9 5/8	9 3/4 - 9 5/8	9 3/4 - 9 5/8	9 3/4 - 9 5/8	9 13/16 - 9 11/16	9 13/16 - 9 11/16
Asian $Sing	5 3/8 - 5 1/4	5 3/8 - 5 1/4	5 3/8 - 5 1/4	5 3/8 - 5 1/4	6 3/8 - 6 1/4	6 1/2 - 6 3/8

Long term Eurodollars: two years 6 5/8-6 1/2 per cent, three years 7 1/8-7 per cent; four years 7 3/8-7 1/4 per cent; five years 7 5/8-7 1/2 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Sep 20	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.728	2.915	232.0	9.925	2.545	3.283	2180.	1.958	60.10	1.425
$	0.579	1	1.687	134.3	5.744	1.473	1.900	1262	1.133	34.78	0.825
DM	0.343	0.593	1	79.59	3.405	0.873	1.126	747.9	0.672	20.62	0.489
YEN	4.310	7.448	12.56	1000.	42.78	10.97	14.15	9397	8.440	259.1	6.142
F Fr.	1.008	1.741	2.937	233.8	10.	2.564	3.308	2196	1.973	60.55	1.436
S Fr.	0.393	0.679	1.145	91.16	3.900	1	1.290	856.6	0.769	23.61	0.560
H Fl.	0.305	0.526	0.888	70.67	3.023	0.775	1	664.0	0.596	18.31	0.434
Lira	0.459	0.793	1.337	106.4	4.553	1.167	1.506	1000.	0.898	27.57	0.654
C$	0.511	0.883	1.489	118.5	5.069	1.300	1.677	1113	1	30.69	0.728
B Fr.	1.664	2.875	4.850	386.0	16.51	4.235	5.463	3627	3.258	100.	2.371
ECU	0.702	1.213	2.046	162.8	6.965	1.786	2.304	1530	1.374	42.18	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS

LIFFE US TREASURY BOND FUTURES OPTIONS

LIFFE BUND FUTURES OPTIONS

LIFFE EUROMARK OPTIONS

LIFFE EURODOLLAR OPTIONS

LIFFE SHORT STERLING OPTIONS

LONDON (LIFFE)

CHICAGO

PARIS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls December	Calls March	Calls June	Puts December	Puts March	Puts June
104	-	-	-	0.10	0.38	-
105	1.97	-	-	0.22	0.61	-
106	1.27	1.65	-	0.45	0.94	-
107	0.70	1.14	-	0.89	1.39	-
Open Int	96,764	31,025	2,150	81,879	32,310	7,650

Estimated volume 22,160 Total Open Interest 251,776

* Contracts traded on APT after trading hours

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth
1.7275	1.7206	1.7080	1.6923	1.6635

MONEY MARKETS

Steady UK rates

LONDON money market rates were steady yesterday as sterling remained firm within the European Exchange Rate Mechanism. The key three months rate was unchanged at 10 9/16-10 7/16 per cent.

Further out along the short-dated yield curve, rates were steady to slightly firmer. Six months money was unchanged at 10 7/16-10 5/16 per cent; and one year was up 1/16 point at 10 5/16-10 3/16 per cent.

With period rates below the current 10½ per cent level of base rates, the money markets are anticipating some modest easing in monetary policy.

This view was also reinforced by the futures market, where December short sterling closed at 90.18, up a point on the day, which implies an interest rate of 9.82 per cent by the end of that month.

In its daily money market operations the Bank of England left cash dealers slightly short of liquidity. A total of £1.267bn of bills were purchased against a final forecast shortage of £1.35bn.

In the the early round, the Bank bought £177m of band 1 bank bills at 10⅜ per cent and £73m band 2 bills also at 10⅜. Later in the morning it bought £161m of bills, of which £40m were band 1 Treasury bills at 10⅜ per cent; £91m were band 1 bank bills at 10⅜ per cent; and £30m were band 2 bank bills at 10⅜ per cent.

After lunch, the Bank bought £129m Treasury bills at 10⅜ per cent in band 1; £176m bank bills at 10⅜ per cent; and £146m band 2 bank bills at 10⅜ per cent.

Finally, late assistance of around £405m was provided by the Bank of England.

In its early money market operations, the Bank forecast a shortage of £1.35bn. Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £687m, with a rise in the note circulation draining £520m and bankers' balances below target absorbing a further £145m.

In Frankfurt call money rates were slightly firmer in technical trading before the weekend. Rates were quoted at 9.00-9.10 per cent against 9.00-9.05. Heavier tax payments during September and a desire not to be short of funds over the weekend were behind the slight move up in rates.

Banks' holdings of funds with the Bundesbank fell to DM69.9bn on September 18 from DM73.9bn on September 17. Holdings averaged DM75.1bn, still above this month's reserve requirements.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Sep.20) 3 months US dollars		6 months US Dollars	
bid 5 7/16	offer 5 9/16	bid 5 1/2	offer 5 5/8

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	8	One month	4.96	Three year	6.40
Broker loan rate	7 1/4	Two month	5.23	Four year	6.59
Fed.funds	5 1/4	Three month	5.34	Five year	7.05
Fed.funds at intervention	-	Six month	5.46	Seven year	7.39
		One year	5.54	10-year	7.57
		Two year	6.15	30-year	7.88

Sep 20	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.00-9.10	8.95-9.10	9.00-9.15	9.05-9.20	9.20-9.35	9.25
Paris	9-9 1/4	9 1/4-9 3/8	9 1/4-9 3/8	9 3/8-9 1/2	9 3/8-9 1/2	9.25
Zurich	7 1/4-7 1/2	7 3/4-8 1/4	-	7 3/4-8 1/4	-	-
Amsterdam	8.75-8.90	9.11-9.17	-	9.22-9.27	-	-
Tokyo	6 13/16-6 15/16	6 13/16-7	-	6 13/16-6 15/16	-	-
Milan	10 3/4-11	11 1/4-11 1/2	-	11 1/2-11 3/4	-	-
Brussels	9.12-9.25	9 1/4-9 3/8	-	9 3/8-9 5/8	-	-
Dublin	9 5/8-9 3/4	9 7/8-10	9 15/16-10 1/16	10-10 1/8	10-10 1/8	-

LONDON MONEY RATES

Sep 20	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	12 1/4	10 3/4	10 5/8	10 5/8	10 1/2	10 1/4
Interbank Bid	10 3/8	10 5/8	10 1/2	10 1/2	10 3/8	10
Sterling CDs	-	-	10 9/16	10 15/32	10 3/8	10 1/4
Local Authority Deps.	10 1/8	10 5/8	10 5/8	10 5/8	10 1/2	10 1/4
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	11 1/2	10 5/8	-	-	-	-
Company Deposits	-	-	10 11/16	10 5/8	10 1/2	10 3/8
Finance House Deposits	-	-	10 1/2	10 1/2	10 3/8	10 1/4
Treasury Bills (Buy)	-	-	10 3/8	9 7/8	9 3/4	-
Bank Bills (Buy)	-	-	10 1/2	9 15/16	9 13/16	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	5.51	5.50	5.68	5.85
SDR Linked Dep. Offer	-	-	7 3/8	7 1/4	7 3/8	7 1/2
SDR Linked Dep. Bid	-	-	7 1/8	7 1/8	7 1/4	7 1/4
ECU Linked Dep. Offer	-	-	9 3/4	9 3/4	9 3/4	9 13/16
ECU Linked Dep. Bid	-	-	9 5/8	9 5/8	9 5/8	9 11/16

Treasury Bills (sell): one-month 10 3/8 per cent; three months 9 1/2 per cent; six months 9 3/8 per cent; Bank Bills (sell): one-month 10 3/8 per cent, three months 9 13/16 per cent; Treasury Bills: Average tender rate of discount 9.6695 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day August 30, 1991. Agreed rates for period Sept.25, 1991 to October 25, 1991, Scheme I: 12.08 p.c., Schemes II & III: 12.17 p.c. Reference rate for period August 1, 1991 to August 30, 1991, Scheme IV&V: 10.950 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from September 1, 1991. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9 1/2 per cent, three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991, Deposits withdrawn for cash 5 per cent

BANK RETURN

BANKING DEPARTMENT	Wednesday September 18, 1991		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	83,546,156	-	2,683,947
Bankers Deposits	1,723,275,738	+	48,994,198
Reserve and other Accounts	3,545,473,912	+	209,413,017
	5,366,848,806	+	255,723,268
ASSETS			
Government Securities	1,280,645,591	+	1,255,000
Advance and other Accounts	2,323,483,685	-	134,198,018
Premises Equipment & other Secs	1,753,644,968	+	392,484,180
Notes	8,859,168	-	3,807,997
Coin	215,394	-	9,897
	5,366,848,806	+	255,723,268
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,941,140,832	-	26,192,003
Notes in Banking Department	8,859,168	-	3,807,997
	15,950,000,000	-	30,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	13,055,531,432	+	593,468,248
Other Securities	2,883,453,468	-	623,468,248
	15,950,000,000	-	30,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	Midland Bank	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Mount Banking	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	NatWestminster	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	Northern Bank Ltd	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Nykredit Mortgage Bank	11.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Provincial Bank PLC	14
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Roxburghe Bank Ltd	11.5
Bank of Cyprus	10.5	First National Bank Plc	14	Royal Bk of Scotland	10.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	● Smith & Williamson Secs.	10.5
Bank of India	11	Robert Fraser & Ptnrs.	11	Standard Chartered	10.5
Bank of Scotland	10.5	Girobank	10.5	TSB	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	Unibank plc	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	● United Bk of Kuwait	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	Unity Trust Bank Plc	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk	10.5	Western Trust	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Westpac Bank Corp.	10.5
Cl. Bank Nederland	10.5	C. Hoare & Co.	10.5	Whiteaway Laidlaw	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Yorkshire Bank	10.5
City Merchants Bank	10.5	● Leopold Joseph & Sons	10.5		
Clydesdale Bank	10.5	Lloyds Bank	10.5		
Co-operative Bank	10.5	Meghraj Bank Ltd	10.5		
Coutts & Co	10.5	McDonnell Douglas Bnk	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

Clydesdale Bank PLC
30 St Vincent Place, Glasgow G1 2HL 041 248 7070

£2,000-£19,999	8.25	6.19	8.51	Qtr
£20,000-£49,999	8.70	6.53	8.99	Qtr
£50,000+	9.20	6.90	9.52	Qtr

NOTES- Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

TRANSCAPITAL B.V.
SENIOR PARTICIPATING NOTES DUE 1995
(THE "SENIOR NOTES')
JUNIOR PARTICIPATING NOTES DUE 1995
(THE "JUNIOR NOTES')

issued on a fiduciary basis by Banque Internationale à Luxembourg S.A. representing beneficial interests in loans made by it to TRANSCAPITAL B.V.

We, Banque Internationale a Luxembourg S.A. (BIL), have received a certificate wherein, under Section 3 of the Senior Loan Agreement dated October 10, 1986 between BIL and Transcapital B.V., Transcapital B.V. attests that the amount of interest payable on the Senior and Junior Notes with respect to the fiscal year ended June 30, 1991 is nil.

Transcapital B.V. also certifies that they are not in default under any of the senior indebtedness and are not aware of any event of state of fact which would constitute a default under any senior indebtedness.

September 21, 1991

BANQUE INTERNATIONALE A LUXEMBOURG S.A.
as Principal Paying Agent

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 1562

Exchequer 10½% Stk 2005 - £107⅞
Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) - £117⅛ (18Se91)

Corporation and County Stocks
No. of bargains included 5

Corp of London 3½% Deb Stk 83/93 - £84 (18Se91)

ECU1000,10000&100000) - EC101.85 (18Se91)
United Newspapers Capital Ld 8% Gtd Exch Prf Shs - £111¾ 112½ (17Se91)

Sterling Issues by Overseas Borrowers
No. of bargains included 39

Asian Development Bank 10¼% Ln Stk 2009(Reg) - £102⅞
Bank of Greece 10¾% Ln Stk 2010(Reg) - £91♦
10¾% Ln Stk 2010(Br) - £91½

Aegis Group PLC 5% Cnv Cum Red Prf 1999 10p - 78♦
Aegis(Netherlands Antis)Finance NV Wts to Sub for Ord - 47 (17Se91)
Airtours PLC Warrants to sub for Ord - 450 (16Se91)
Albert Fisher Group PLC Warrants To Sub For Ord - 1½ ¼
ADR (10:1) - $18½ (13Se91)
Alcan Aluminium Ld Com Shs of NPV - $19.55
Alexanders Hldgs PLC "A"(Rst.V)Ord 10p - 15 (17Se91)
Alexon Group PLC 6.25p (Net) Cnv Cum Red Prf 10p - 147½
Alpine Group PLC Ord 5p - 13
Wts to Sub for Ord - 4 (18Se91)
Amber Day Holdings PLC 10½% Cum Red Prf 99/2002 £1 - 100 (16Se91)
American Brands Inc Shs of Com Stk $3.125 - $44.22
Anglo United PLC Cnv Red Prf 10p - 74♦
Arcolectric(Hldgs) PLC Ord 5p - 93 (18Se91)
Ash Capital Finance(Jersey)Ld 9½% Cnv Cap Bds 2006 (Reg Units 100p) - £90 ½ (18Se91)
9½% Cnv Cap Bds 2006 (Br £Var) - £87½ (16Se91)
Associated British Foods PLC 5½% Uns Ln Stk 87/2002 50p - 32½♦
7½% Uns Ln Stk 87/2002 50p - 37♦
Associated Fisheries PLC 8¼% Uns Ln Stk 91/96 - £90 (16Se91)
Atlas Copco AB A Shs SK25 - SK271
Attwoods PLC ADR (5:1) - $17
Attwoods (Financial) NV 8½p Gtd Red Cnv

Gibbs & Dandy PLC Ord 10p - 80 (13Se91)
Glaxo Group Ld 6¼% Uns Ln Stk 85/95 50p - 42 (18Se91)
Glynwed International PLC 10¾% Uns Ln Stk 94/99 - £98 (18Se91)
Goode Durrant PLC 3.5% Cum Prf 50p - 18
Goodwin PLC Ord 10p - 42 (16Se91)
Grand Metropolitan PLC 6¾% Cum Prf £1 - 55 (16Se91)
Great Universal Stores PLC 5¾% Red Uns Ln Stk - £46 (13Se91)
8¼% Uns Ln Stk 93/98 - £85
Greencore PLC Ord Ir£1.00 - I£2.38 2.4 p 215 8½ 20
Greenwich Resources PLC Ord 5p - 15
Halma PLC 11% Cum Prf £1 - 91 (13Se91)
Hawker Siddeley Group PLC 5½% Cum Prf £1 - 48 52
7¼% Deb Stk 87/92 - £95½ (13Se91)
Hepworth Capital Finance Ld 11.25% Cnv Cap Bds 2005 (Reg) - 137
Hewitt(J.) & Son(Fenton) PLC 10% Cum Prf £1 - 88 (18Se91)
Honda Motor Co Ld Shs of Com Stk Y50 - Y1482.011515 90 1.95 4 5 8.348917 9.57 500 .154917 1.3946
Hong Kong Land Hldgs Ld Ord $0.10 (Hong Kong Reg) - $H8.853141
Wts to Sub For Ord (Hong Kong Register) - £0¾
House of Fraser PLC 8% Uns Ln Stk 93/98 - £73 (17Se91)
8¼% Uns Ln Stk 93/98 - £87
Hunterprint Group PLC Ord 5p - 19½ ¾ 20 20 1 1

Estates Property Investment Co PLC 7¾% Uns Ln Stk 89/92 - £94 (18Se91)
Etonbrook Properties PLC Ord £1 - 66 (13Se91)
Five Oaks Investments PLC 7% 2nd Cum Prf £1 - 30 (17Se91)
Great Portland Estates PLC 9.5% 1st Mtg Deb Stk 2016 - £91⅞♦
Greycoat PLC 9¼% Cum Red Prf 2014 £1 - 72 ½
12.85% Uns Ln Stk 90/92 - £99 (16Se91)
Hammerson Prop Inv&Dev Corp PLC Ord 25p - 651 7
Haslemere Estates PLC 10¼% 1st Mtg Deb Stk 98/2003 - £95½ (16Se91)
Land Securities PLC 6% 1st Mtg Deb Stk 88/93 - £91
9% 1st Mtg Deb Stk 96/2001 - £91½ 2½ (16Se91)
8¾% Uns Ln Stk 92/97 - £90⅝
Law Land PLC 7% 1st Mtg Deb Stk 89/94 - £80 (18Se91)
London County Free. & Leas. Prop Ld 6½% 1st Mtg Deb Stk 85/95 - £86 (16Se91)
MEPC PLC 9¼% 1st Mtg Deb Stk 97/2002 - £94♦
10⅜% 1st Mtg Deb Stk 2024 - £102⅜ (17Se91)
8% Uns Ln Stk 2000/05 - £79
10½% Uns Ln Stk 2032 - £94⅝
McKay Securities PLC Cap 20p - 140 (16Se91)
Mucklow(A.& J.)Group PLC 7% Cum Prf £1 - 50 (16Se91)
Peel Hldgs PLC 5.25% (Net) Cnv Cum Non-Vtg Prf £1 - 43⅞♦ 4.022♦
9⅜% 1st Mtg Deb Stk 2011 - £86⅞
Regis Property Hldgs PLC 8¾% Gtd Uns Ln Stk 1997 - £85 (16Se91)
Scottish Metropolitan Property PLC 10⅛% 1st Mtg Deb Stk 2016 - £94 (16Se91)
Shield Group PLC Ord 5p - 16 (18Se91)
Speyhawk PLC 9.75% Cum Red Prf 2014 £1 - 11½ ¾ 2⅛ (18Se91)
Tozer,Kemsley&Millbourn Estates PLC 5½% Cum Prf £1 - 40 (17Se91)
Wereldhave Property Corp PLC 8.5% 1st Mtg Deb Stk 2015 - £88½ 7 (17Se91)

Plantations
No. of bargains included 5

Anglo-Eastern Plantations PLC Warrants to sub for Ord - 14 (13Se91)
12½% Uns Ln Stk 95/99 - £80‡ (13Se91)
Chillington Corporation PLC Ord 25p - 38 (18Se91)
9½% Cum Red Prf £1 - 60 (17Se91)
Dunlop Plantations Ld 6% Cum Prf £1 - 50 (18Se91)
Inch Kenneth Kajang Rubber PLC 10p - £1⅜
Narborough Plantations PLC Ord 10p - 23
United Plantations Africa Ld Ord R0.50 - £0.23

Shipping
No. of bargains included 762

Bergesen d-y AS "A" Vtg Shs NK2.5 - NK168½ 9
"B" Non Vtg Shs NK2.5 - NK169 ½
Peninsular & Oriental Steam Nav Co 5% Cum Pfd Stk - £43

Utilities
No. of bargains included 2

California Energy Co Inc Shs of Com Stk $0.0675 - £8.335739♦ $ 14⅞♦
Pacific Gas & Electric Co Shs of Com Stk $5 - $28⅛ (18Se91)

Water
No. of bargains included 533

Anglian Water PLC 5¾% Index-Linked LnStk 2008(5.7738%) - £111 (18Se91)
Colne Valley Water PLC 6¾% Red Prf Stk 92/94 - £100 (16Se91)
Essex Water PLC 7¾% Deb Stk 91/93 - £92½ (17Se91)
11.50% Red Deb Stk 95/97 - £103⅜
Lee Valley Water PLC 5% Irrd Deb Stk - £37
Mid Kent Water PLC 8% Red Deb Stk 92/94 - £89 (18Se91)
Mid-Southern Water PLC 5% Perp Deb Stk - £37
7¾% Red Deb Stk 91/93 - £92 (16Se91)
10% Red Deb Stk 95/98 - £97½ (17Se91)
Suffolk Water PLC 9% Red Deb Stk 92/94 - £92½ (17Se91)
Bournemouth & District Water Co 12¾% Red Deb Stk 1995 - £105 (13Se91)
Bristol Waterworks Co 3.5%(Fmly 5%)Cons Prf Stk - £375
Chester Waterworks Co 8% Red Deb Stk 92/94 - £92 (17Se91)
Newcastle & Gateshead Water Co 11½% Red Deb Stk 2004 - £105½ (16Se91)
South Staffordshire Waterworks Co 3.5%(Fmly 5%)Ord Stk - £375 (18Se91)
7¾% Red Deb Stk 91/94 - £92½ (13Se91)
9¼% Red Deb Stk 98/2000 - £92 (18Se91)
Tendring Hundred Waterworks Co 7½% Red Deb Stk 91/93 - £98 (18Se91)

Miscellaneous Warrants
No. of bargains included 3

Barclays De Zoete Wedd Wts Ld Put Wts (Srs F) Rltg FTSE 100 29/9/92 - £0.29 (17Se91)
Put Wts (Srs G) Rltg FTSE 100 29/9/92 - £0.16 (16Se91)
Put Wts (Srs M) Rltg FTSE 100 30/3/93 - £0.91 1.14
Put Wts (Srs N) Rltg FTSE 100 30/3/93 - £0.82
Salomon Inc Call Wts Rltd to OMX Index 22/1/93 - SK51 51.15 (18Se91)

USM Appendix
No. of bargains included 376

Airbreak Leisure Group PLC Ord 5p - 41 ½ 3
BLP Group PLC Ord 50p - 28 8 ½ 30 (18Se91)
8p (Net) Cnv Cum Red Prf 10p - 37 (18Se91)
Bedford(William) PLC Ord 5p - 25 (18Se91)
British Thornton Hldgs PLC Ord 5p - 12 (17Se91)
CMW Group PLC Ord 5p - 76 80
Chemex International PLC Ord 5p - 8 (17Se91)
EIT Group PLC Ord 5p - 15 7 (18Se91)
Gibbs Mew PLC Ord 25p - 139 (13Se91)
Great Southern Group PLC 6.75p Cum Cnv Red Prf 5p - 90♦
Mid-States PLC Ord 10p - 54 6 (18Se91)
Midland & Scottish Resources PLC Ord 10p - 91½
Porth Group PLC Ord 20p - 18
Savage Group PLC 8.5% (Net) Cum Red Cnv Prf £1 - 52 5
Sherwood Group PLC New Ord 10p - £5.95 (17Se91)
Simpsons of Cornhill PLC Ord 5p - 49 (18Se91)
URS International Inc Shs of Com Stk $0.01 - 0⅛ (17Se91)
Wharfedale PLC Ord 5p - 11♦
Wilton Group PLC 11% Cum Prf £1 - 30 (13Se91)
Wyevale Garden Centres PLC 8.5% (Net) Cnv Cum Red Prf £1 - 164

Rule 535(2)
No. of bargains included 31

Adam & Co PLC Ord £1 - £1.55 (16Se91)
African Gold PLC Ord 1p - £0.1225 0⅛ 0.1275 0.13 0.13
Ann Street Breweries Co Ld Ord £1 - 400 (13Se91)
Aston Villa Football Club PLC Ord £5(1 vote) - £40 (18Se91)
Barbican Holdings PLC Ord 1p - 0⅛
Barclays Int(IOM) Balanced Fund Global Income Fund - 48 (13Se91)
Biocure Holdings PLC Ord 1p - 39 40 (16Se91)
Dawson(William)Hldgs Ld Ord 10p - £2⅞ 2.85
Dunstall Park Holdings PLC Ord 25p - £2⅛
Gale (George) & Co Ld Ord £1 - £6½ (13Se91)
Guernsey Gas Light Co Ld Ord 10p - £0⅞ (17Se91)
Hartley Baird PLC Ord 5p - 12
Hydro Hotel Eastbourne PLC Ord £1 - £3.65 (18Se91)
Jennings Bros Ld Ord 25p - £1.9 (18Se91)
Lawrie Group PLC Ord £1 - £20
Le Riche's Stores Ld Ord £1 - £2.85 2.88 (16Se91)
MIM Britannia International Ld Japan Income & Growth - £1.343
Newmarket Thoroughbred Breeders PLC Ord 50p - £0.20125 (18Se91)
North West Exploration PLC Ord 20p - 2 (16Se91)
Prolific Int Management(Guernsey) Global Growth Fund - £14.08 (13Se91)
Severn Valley Railway(Hldgs)PLC Ord £1 - £0.4
Southern Newspapers PLC Ord £1 - £2.8 (16Se91)
Sun Oil Britain Ld Oil Royalty Stk Units 1p - £0.45 (16Se91)
Tadpole Technology PLC Ord 10p - £0.78 0.8 (18Se91)
Vista Entertainments PLC Ord 5p - 1 (18Se91)
Weetabix Ld "A" Non.V Ord 25p - £6½

RULE 535 (4) (a)
Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Associated Manganese Mines of SA £55♦ (18/9)
Aust. Foundation Inv 90 (17/9)
City Developments 100 (13/9)
Community Psychiatric Centers $27.25
Dainippon Screen Mfg. Y1312.36
Forest Laboratories $32.02♦ (18/9)
Harland (John H) Co $23 (13/9)
Keystone International $30¼♦ (13/9)
Killinghall Tin (Malaysia) Berhad Ord M$1.644 (17/9)
Kulim Malaysia Ord 27♦
Kulim Malaysia Ord (Malay Ord) M$1.8 (18/9)
Malayan Credit S$1.7316 (13/9)
Malaysian Plantations M$0.95 (17/9)
McCarthy Group R4.65 (17/9)
Niugini Mining A$1.8 (18/9)
Oil Search A$0.638 (16/9)
Palabora Mining R76.5 (17/9)
Singapore Land S$5.106
Storer Communications SK342.72
Strategic Minerals Corp 10 (17/9)

By Permission of the Stock Exchange Council

FINANCIAL TIMES
Published in
LONDON ● PARIS ● FRANKFURT ● NEW YORK ● TOKYO
Head Office: The Financial Times Ltd, Number One, Southwark Bridge, London SE1 9HL. Telex: (Editorial) 922186. Telex: (Advertising) 885033. Telephone: 071-873 3000.

INTERNATIONAL & BRITISH EDITORIAL, ADVERTISEMENT & CIRCULATION OFFICES

Amsterdam: *Editorial*, PO Box 1296, 1000 BG Amsterdam. Tel:6276796 Fax 6235591 *Advertising and Circulation* Herengracht 472, 1017 CA Amsterdam. Telex: 16527 Fax: 235591 Editorial Tel: (020)6276796 Advertising & Circulation Tel: (020) 6239430/6225688
Bangkok: Maneeya Centre Building, Penthouse Floor 518/5 Ploenchit Road, Bangkok 10500. Tel: 253 5144, 251 2278, 251 2419. Fax 253 4577
Birmingham: *Editorial and Advertising* George House, George Road, Edgbaston, Birmingham B15 1PG Fax: 021-455 0869. Tel: 021-454 0922.
Bonn: *Editorial* Heussallee 2-10, Pressehaus II/104. D-5300 Bonn. Telex:8869 542. Tel: 02281-21 00 39.
Bristol: *Editorial, Advertising and Circulation* Merchants House, Wapping Road, Bristol BS1 4RW. Tel. 0272 292565
Brussels: *Editorial, Advertising and Circulation* Rue Ducale 39 Hertogsstraat, B-1000 Bruxelles. *Editorial Telex:* 23283. *Tel:* 02-512 9037 *Advertising and Circulation* Telex: 64219 Tel: 02-513 2816.
Buenos Aires: *Editorial* Edificio Safico Piso 7, No 74 Avenida Corrientes 456, Codigo 1366, Buenos Aires. Telex: c/o Reuters (London 24 1451 Tel: 01 394 7895.
Cairo: *Editorial* Flat 41, 19 Gabalaya Street, Zamalek Cairo Tel: 341 8548/341 8549 Telex: 94169
Copenhagen: Advertising and Circulation Financial Times (Scandinavia) Vimmelskaftet 42A,DK-1161 Copenhagen-K,Denmark.Telephone(33)13 44 41.Fax(33)93 53 35.
Dublin: *Editorial* 20 Upper Merrion Street, Dublin 2. Tel: 0001-762 071. Fax 0001-762 125.
Edinburgh: *Editorial and Advertising* 37 George Street, Edinburgh EH2 2HN. Telex: 72484. Tel. 031-220 1199.
Frankfurt: *Editorial, Advertising and Circulation* Guiollettstrasse 54, D-6000 Frankfurt-am Main 1. *Editorial Telex: 416052. Tel:069-7598156/6/7. Advertising and Circulation* Telex: 416193. Tel: 069-75980.Fax:069-722677
Geneva: *Editorial* Salle de Presse No1, Palais des Nations, Avenue de la Paix CH-1211 Geneva 10. Tel:(022)734 0426. Telex: 27780. Fax: (022) 733 7062. *Advertising and Circulation* 15 rue du Cendrier, CH-1201 Geneva. Tel: (022) 7311604.
Hong Kong: *Editorial*, 17a Shun Ho Tower, 24-30 Ice House Street, Central Hong Kong. Tel:5-845 3311 & 5-845 3312 Telex: 67940 FKHKO Fax: 5-868 4224. Advertising 17th Floor IceHouse Street, Central, Hong Kong. Tel: 5-868-2863/93 Fax: 537 1211.
Jerusalem: *Editorial* c/o Government Press Office, P.O. Box 53, Beit Agron, 37 Hillel Street, Jerusalem 94581. Tel: 22 53 96.
Johannesburg: *Editorial* 4th Floor, Royal St Mary's, 85 Eloff Street, Johannesburg 2001. Telex: 4-86053. Tel: 011 23-4423 and 011 23-3151.
Leeds: Advertising Permanent House, The Headrow, Leeds LS1 8DF. Tel: 0532-454969.
Lisbon: *Editorial* Ruado Prior a Lapa 33 1200 Lisbon. Telex: 12533. Tel: 674406.
Madrid: *Editorial* Calle Recoletos 1-6 floor, Madrid 28001. Tel 337 0529 or 337 0537. Fax 337 3800. *Advertising and Circulation* Serrano 58, 28001 Madrid Tel: 577 08 09 Fax: 577 68 13.
Manchester: *Editorial, Advertising and Circulation* Alexandra Buildings, Queen Street, Manchester M2 5HT. Tel: 061-834 9381.
Mexico City: *Editorial* Apartamento 302, Aristoteles No 12, Colonia polanco, Mexico DF 11560 Tel:545 3662
Milan: *Editorial* Piazza Cavour 2, Milan 20121. Tel: 760 06186 or 782279 or Fax 781075.
New Delhi: *Editorial* 23 Malcha Marg, Chanakyapuri, New Delhi 110021. Tel: 3014308/6484 Telex: 3161 626.
New York: *Editorial, Advertising and Circulation* 14 East 60th Street, New York 10022. *Editorial* Telex: 66390. Tel: 0212-752 7400. *Advertising and Circulation* Tel: 212-752 4500.Advertising Fax:212-319 0704.Circulation Fax:212-308 2397.
Paris: *Editorial, Advertising and Circulation* Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044 Paris Cedex 01. Telex: 220044. *Editorial* Tel:01033-1-4297 2000. *Advertising* Tel:01-1-4297 0621. *Circulation* Tel: 01- 4297 0623.
Rio de Janeiro: *Editorial* Avenida Rio Branco 45, Salas 2001-2003, Centro CEP 20090, Rio de Janeiro RJ. Telex: 213 3593. Tel: 021-263 8945.
Rome: *Editorial*, Via della Mercede 55, Rome 00187. Telex: 610032. Tel: 06-678 3314.
Stockholm: *Editorial* c/o Svenska Dagbladet, Raalambsvagan 7,10517 S-Stockholm. Telex: 17603. Tel: 08-50 60 88.
Sydney: *Editorial* Level 49, MLC Centre, Martin Place, Sydney, NSW 2000. Tel:299 2274. Telex: 23550 ATTN. F.T. Fax:221 6220 ATTN. F.T.
Tokyo: *Editorial* 11th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku, Tokyo. Fax: 241 2964. Tel:03-241 2920/2939. *Advertising* Kasahara Building, 6-10 Uchikanda,1- chome, Chiyoda-ku, Tokyo. 101 Advertising Tel. 03-3295 4050.Fax: 03 3295 1264: Circulation Tel 03 3295 1711.Fax 03 3295 1712.
Washington: *Editorial* 1225 Eye Street N.W. Suite 810, Washington DC 20005, U.S.A. Tel:(202) 289 5474, Telex: 440034/904183. Fax. 289 5475.

LONDON STOCK EXCHANGE

Bid activity features heavy volume

By Terry Byland, UK Stock Market Editor

THE £1.51bn offer for Hawker Siddeley yesterday rounded off a week of heavy takeover activity and helped the UK stock market cast off the burdens imposed by overseas and futures-related selling. Bid speculation ran rife, mostly on the brewery pitch, and the market featured a spate of share placings eagerly absorbed by UK institutions.

The market looked very confident at the close, when sentiment received further encouragement as James Capel, the London-based institutional broking house, said that UK equities were "poised for a bounce"; Mr Paul Walton pointed out that the yield ratio between London bond and equity markets has now fallen to levels which which were followed by substantial gains in equities when last approached.

Account Dealing Dates		
*First Dealings:		
Sep 2	Sep 16	Sep 30
Option Declarations:		
Sep 12	Sep 26	Oct 10
Last Dealings:		
Sep 13	Sep 27	Oct 11
Account Day:		
Sep 23	Oct 7	Oct 21

*New-time dealings may take place from 8.30 am two business days earlier.

BTR's bid for Hawker, which was only the latest in a list of bids to be embarrassingly foreshadowed in the equity market, was regarded by traders as somewhat generous. Institutions, as well as marketmakers, sold some stock in Hawker and also in BTR, on the view that the bid is by no means certain to succeed, nor is a higher bid from BTR or a white knight counter-bid a strong possibility. However, most held on to the bulk of their Hawker shares as the price challenged the share exchange terms and well exceeded the underwritten cash offer.

The bid excitement reignited several of the market's best-favoured bid hopes. Allied-Lyons advanced sharply on hints of an impending move by Anheuser-Busch. However, wiser traders were inclined to discount confident predictions in London of bid developments over the weekend.

Another erratic pattern saw equities open higher, fall a net eight Footsie points, and then turn upwards to regain the FT-SE 2,600 mark lost at the beginning of the week. At the close, the FT-SE Index was 11.6 up at 2,600.3.

Over the week, the Footsie has lost 25.5 points as declining retail sales in August, together with adverse developments among food retailing stocks, cast a cloud over hopes for an early recovery from the UK recession.

The overseas seller active this week appeared to withdraw yesterday. Selling of shares in order to unwind positions in stock futures also appeared to recede at mid-session and by the end of the day, strong retail support was driving shares.

Seaq trading volume remained brisk at 673.8m shares, against 677.6m on Thursday. Stock Exchange statistics disclose that genuine retail, or customer, business in equities moved back above the £1bn daily figure in the middle of this week.

● Takeover activity this week pushed equity retail volume well ahead of last year's daily average levels. But selling pressure also increased.

London SE volume

Turnover by volume (million)
Excl:
Intra-market business & Overseas turnover

FINANCIAL TIMES STOCK INDICES

	Sept 20	Sept 19	Sept 18	Sept 17	Sept 16	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	87.72	87.86	87.94	87.38	87.44	78.56	87.94 (18/9)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.79	96.80	96.99	96.63	96.07	86.62	96.99 (18/9)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	2038.8	2011.3	2007.1	2037.9	2051.0	1537.3	2108.3 (2/9)	1606.3 (16/1)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	159.2	161.6	159.2	155.6	155.0	186.1	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2600.3	2588.7	2583.6	2594.4	2606.0	2025.5	2679.6 (2/9)	2054.8 (16/1)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1174.90	1171.28	1170.39	1174.54	1173.55	-	1198.60 (3/9)	938.62 (16/1)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.66	4.74	4.76	4.73	4.71	6.17				
●Earning Yld %(full)	7.47	7.60	7.67	7.63	7.60	12.94				
●P/E Ratio(Net)(☆)	16.70	16.42	16.27	16.36	16.43	9.37				
SEAQ Bargns 4.45pm	30,908	29,209	27,578	27,825	26,609	25,895				
Equity Turnover(£m)†	-	1,446.91	1,545.50	1,265.93	896.99	834.90				
Equity Bargains†	-	28,753	27,335	27,854	26,974	24,955				
Shares Traded (ml)†	-	579.8	582.8	563.6	495.4	451.9				

Basis 100 Govt. Secs. 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 15.88

Ordinary Share Index, Hourly changes — Day's High 2038.8 — Day's Low 2015.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2028.6	2021.8	2023.9	2015.3	2020.5	2028.7	2036.2	2034.5	2037.6

FT-SE 100, Hourly changes — Day's High 2602.5 — Day's Low 2580.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2598.2	2590.3	2589.2	2581.5	2588.0	2592.5	2600.7	2599.0	2599.1

FT-SE Eurotrack 200, Hourly changes — Day's High 1177.66 — Day's Low 1171.17

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1173.94	1174.69	1171.76	1172.99	1174.93	1176.78	1175.91

GILT EDGED ACTIVITY

Indices*	Sept 19	Sept 18
Gilt Edged Bargains	76.1	80.2
5-Day average	79.7	82.6

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

Doubts as Allied surge

IN A market dominated by takeover speculation, Allied-Lyons jumped 43 to 647p on turnover of 11m as talk that a bid for the company was about to be announced swept through the trading rooms.

The two names in the frame were, once again, Philip Morris and Anheuser Busch, both of the US. The word was that a bid would be announced at 2.30pm. When that deadline passed without an announcement attention shifted to 3.30pm.

No bid materialised by the market close and analysts were sceptical. Mr Graham Eadie at County NatWest said: "It is highly unlikely anyone will bid for Allied. They would be inheriting a brewing business in the process of structural change and few can afford a price tag of £10bn."

Sentiment in Allied benefited the rest of the drinks sector. Bass added 18p to 985p, while Grand Metropolitan gained 9½ to 822p. Guinness jumped 33p to 1038p, with the shares also benefiting from favourable press comment, following Thursday's results.

Share placings

There was a series of big placings in the stores sector. Two big crosses of shares in Next and Fine Art Developments were quickly revelead as being undertaken on behalf on German mail order group Otto Versand. The German group sold its 7.2 per cent holding in Next and its 4.7 per cent in Fine Art Development, the mail order company, to release funds to enable the German group expand more rapidly in east Germany.

Stockbroker Robert Fleming crossed the two lines of stock, 26.7m Next and 3.7m Fine Art. The stock was apparently placed with one institution. Otto Versand acquired its stake in Next earlier this year and picked up the Fine Art stake as a result of its purchase of Grattan, the mail order group, from Next in March. Next eased ½ to 44½p while Fine Art lost 4 to 353p.

Asda alert

Frantic activity in Asda, the troubled supermarket group, continued yesterday, reaching a climax just before the close of trading when the stock was aggressively bid up on the inter-dealer broker (IDB) network. Over the week turnover in the stock topped 200m shares. The market was rife with speculation that a bid for Asda will be announced on Monday.

Two leading UK market-making firms, were said to have been bidding the shares up on the IDBs, which ensure anonymity for participating firms, on behalf of different stakebuilders.

At the close Asda shares were 7 higher at 70p, with turnover reaching 58m. This follows the spectacular business in the shares since Wednesday when the company issued a warning of shrinking profits and a cut in the dividend.

Various potential bidders for the group were being mentioned around the dealings rooms, with German companies Aldi and Metro still being put forward. Carrefour of France and Kwik-Save, the UK group, were also mentioned.

Hawker excitement

Heavy demand drove shares in Hawker Siddeley forward following the long-mooted hostile bid from BTR. The shares gained a mighty 118p to 758p to close at a premium to the BTR share exchange offer and an even bigger one to the cash alternative. Turnover soared to 14m.

The market talk was that BTR would need to increase its offer to around 800p to win control and analysts advised investors to hold out. A hostile counter bid was thought unlikely but the appearance of a white knight was mooted. Among those suggested were Siemens of Germany, GEC of the UK, Alcatel of France, Westinghouse Electric of the US and Asea Brown Boveri, the Swedish-Swiss group.

One analyst said: "After Thursday's poor results, defending this bid is going to be difficult. It is unlikely that Hawker Siddeley will stay independent."

BTR slipped 13p to 410p on turnover of 13m after news with analysts saying that the company could not afford to lose this bid.

Ratners, which announced heavy interim losses this week, saw heavy turnover of 17m shares after the placing of a line of 4.2m shares at 119p by a leading agency broker. Morgan Stanley, the US investment bank was said to have dropped its current-year profits estimate from £70m to £55m and The shares lost 6 to 124p.

Racal Electronics, the subject of a near-£700m bid from Williams, eased to 56½p with turnover expanding to 14m shares. A counter to the Williams move is expected to emerge with a number of UK and overseas groups said to have accumculated small stakes in Racal.

Vodafone, newly installed in the Footsie and subject to bid talk made further progress, closing another 4 up at 373p on turnover of 5m.

The power generators made further progress on the back of a series of broker buy circulars. BZW, Salomon Int, Kleinwort Benson and other securities firms have all prompted buying of the stocks while a series of US investment roadshows for National Power and PowerGen are expected shortly. The latter ran up 4 to 178p and the former 3½ to 161½p. Scottish Power, where turnover jumped to 12m, raced up 6 to 115½p, its biggest gain since the June flotation. Scottish Hydro added 2½ to 117p. The Electricity Package, still stimulated by the positive stance of County NatWest, advanced 33 to £2208.

BPB remained a weak market, sliding 3 more to 187p. Sharply increased turnover of 8.4m shares consisted almost entirelyof an agency cross of 4.1m shares carried out at 183p. The cross was transacted by stockbroker Robert Fleming.

Glaxo continued firm on hopes of early approval for its migraine drug Imigran. The shares gained a further 25 to 1386p.

Pilkington was one of the companies to suffer from fading hopes that BTR may be a potential bidder. It was further affected by poor trading news from Germany where Pilkington is very active. The shares fell 10 at one stage before rallying to close 3 off at 156p on heavy turnover of 9.3m.

Gestetner rose 9 to 208p after it was announced that Ricoh was acquiring a 24 per cent stake in the company.

News of a £4.2m acquisition disposal helped Alumasc gain a further 9 to 322p.

BET lost ground as a negative note from Hoare Govett landed on clients' desks.

A confident statement by the chairman of CRT Group failed to move the share price from 116p. However, turnover was boosted to 6.7m after several CRT directors sold 2.2m shares to institutions.

Huntingdon International tumbled 53 to 215p after the company warned that fourth quarter results would be below market expectations.

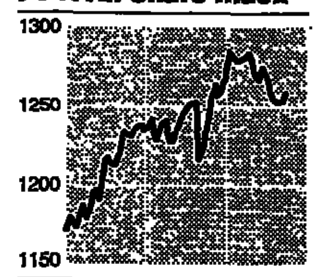
Problems with retail chain Chelsea Man, now in receivership, affected its principal supplier Vivat Holdings which fell 14 to 47p after being 25 off earlier in the day.

Turnover in British Aerospace reached 2.5m as the shares continued to recover from recent lows. They added 8 to 428p. British Airways were wanted and the shares firmed 3 to 186p.

MARKET REPORTERS:
Peter John,
Joel Kibazo,
Steve Thompson.

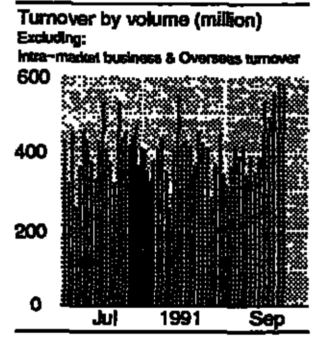
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 9.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (158).
BRITISH FUNDS (41) Ex 11pc 1991, Tr 3pc 1992, Ex 13¼pc 1996, Tr 13¼pc 1997, Tr 14pc 1996, Tr 9pc '92-96, Cv 10pc 1996, Ex 10½pc 1997, Tr 8¾pc 1997, Ex 15pc 1997, Ex 9¾pc 1998, Tr 6¾pc '95-98, Tr 15½pc 1998, Ex 12pc 1998, Tr 9½pc 1999, Ex 12¼pc 1999, Tr 10½pc 1999, Cv 10¼pc 1999, Cv 9pc 2000, Tr 13pc 2000, Tr 10pc 2001, Tr 14pc '98-01, Tr 9¾pc 2002, Tr 10pc 2003, Tr 11½pc '01-04, Fd 3½pc '99-04, Cv 9½pc 2004, Cv 9½pc 2005, Tr 8pc '02-06, Tr 11¾pc '03-07, Tr 8½pc 2007, Tr 12½pc '03-05, Tr 13½pc '04-08, Tr 9pc 2008, Tr 8pc 2009, Cv 9pc 2011, Do. A, Tr 7¾pc '12-15, Ex 12pc '13-17, Tr 2pc IL 1994, Tr 2pc IL 1996, INT.BANK & O'SEAS GOVT. STLG. ISSUES (3) African Dev 11¼pc 2010, Asian Dev. 10¼pc 2009, Intl-Amer. 9¼pc 2015, FOREIGN BONDS (1) Hydro Quebec 5pc 2011, AMERICANS (1) Merrill Lynch, BANKS (4) Bank of Scot. 9¾pc Prf., Secure Trust, Warburg (SG), Do. 8p Prf., BREWERS (7) Allied-Lyons, Bulmer (HP), Greenalls 5.95pc Prf., Mansfield, Marston Thompson, Young Brew. A, Do. NV, BUILDINGS (6) CMW, Gleeson (MJ), Newman-Tonks, Tay Homes, Wilson Bowden, CHEMICALS (4) Blagden, Halstead (J), Joyes, Wardle Storeys, STORES (8) Cantors A, Crown Eyeglass, Etam, Hogg Robinson, Hollas, ELECTRICALS (8) ACT, Delta, Domino Printing, Druck, FKI, Learmonth & Burchett, Macro 4, Misys, ELECTRICITY (4) Manweb, Norweb, PowerGen, South Wales, ENGINEERING (8) BM, Cooper (F), Hawker Siddeley, Meggitt, Victaulic, Wood (SW), FOODS (9) Borthwicks, Brake Bros., Dalepak, Golden Vale, Nichols (Vimto), Salvesen (C), Tate & Lyle, Do. 7.25p Prf., INDUSTRIALS (21) AAH, Airsprung Furn., Alumasc, Avon Rubber, Burndene, Dobson Park, Faber Prest, Granada 7.5p Prf., Page (M), Paterson Zochonis, Do. A, Proudfoot (A), RCO, Reliance Security, Reuters, Sarco, Silentnight, Spring Ram, Warner Howard, Waterford Wedgwood, Wolseley, INSURANCE (4) Britannic, Domestic & General, Lloyd Thompson, Utd. Friendly B, MOTORS (2) Appleyard, Lookers, NEWSPAPERS (5) Blenheim, Euromoney, News Intl., Portsmouth & Sunderland, Reed Intl., PAPERS (4) Abbott Md. Vickers, Aegis 9¼pc Prf., Cropper (J), Olives, PROPERTY (4) New England, Property Security, Slough 8pc Cnv. 2003, Do. 8¼pc Prf., TEXTILES (5) Allied Textile, Caldwell, Haggas (J), Lyles (S), Yorklyde, TRANSPORT (3) Clarkson (H), Intertink Express, Mayne Nickless, TRUSTS (11) Aberforth Smllr. Cos., Aberforth Split Level Units, Biotech Invs. Ptg. Prf., Contra-Cyclical Inc., Edinburgh Fund Managers, Fimg. Fledgeling, Moorgate Inv., Nth. British Canadian, St. David's Inc., Strata Invs., Templeton Emrg. Mkts., OILS (1) Victoria, MINES (1) Antofagasta.

NEW LOWS (11).
BUILDINGS (2) Conder, Taylor Woodrow, STORES (1) Vivat, ELECTRICALS (2) Enterprise Computer, Standard Platform, ENGINEERING (1) Ransomes 8.25p Prf., INDUSTRIALS (5) Davies (DY), Hornby, Huntingdon, Melville, Willaire.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	59	3	20	136	161	113
Corps, Dom. & Foreign Bonds	6	0	14	17	15	68
Industrials	350	197	951	1,540	1,290	4,680
Financial and Props	185	56	520	674	578	2,545
Oils	18	13	57	71	107	262
Plantations	0	0	10	1	1	48
Mines	24	34	97	169	142	464
Others	46	26	62	216	202	257
Totals	688	329	1,731	2,824	2,496	8,437

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	369	497	+7	Cookson	322	128		Lucas	3,800	153	+2	Severn Trent Water	514	346	+1
ASDA Group	53,000	70	+7	Courtaulds	244	480	-1	MB Caradon	1,000	255	+6	Shell Transport	2,500	500	-2
Abbey National	1,400	297	+5	Dalgety	349	402	-1	MEPC	733	458	+1	Siebe	1,000	524	+6
Albert Fisher	3,200	105	+4	De La Rue	9	458	+1	Manweb	38	268	+5	Slough Ests.	126	278	+1
Allied-Lyons	11,000	647	+43	Dixons	2,100	298	-1	Marks & Spencer	4,400	267	-1	Smith (W H) A	963	447	+4½
Amstrad	358	82½	-½	ECC Group	1,900	458	+3	Maxwell Comms.	51	174	+1	Smith & Nephew	1,900	139½	
Anglian Water	644	384	+2	Eastern Elect.	516	187	+2½	Midland Bank	2,300	252	+4	SmKl Beecham	1,300	765	-3
Argos	3,000	304	+½	East Midland Elect.	167	210½	+1	Midlands Elect.	923	214	+5	SmKl Beecham Uts.	39	[illegible]	+1
Argyll Group	2,800	283	-2	Enterprise Oil	213	513	+1	NFC	1,400	217	+3	Smiths Inds.	14	278	
Arjo Wiggins	2,200	268	+1	Eurotunnel Units	614	515	+11	NatWest Bank	3,200	341	+2	Southern Elect.	981	216	+2½
Ass. Brit. Foods	397	487	-3	FKI	3,800	78	+4	National Power	3,600	161½	+3½	South Wales Elect.	49	279	+6
BAA	1,300	451	+1	Ferranti	1,900	9½	+½	Next	54,000	44½	-½	South West Water	132	359	
BAT Inds.	2,200	840	-2	Fisons	1,400	461	-1	North West Water	1,300	374	+4	South West. Elect.	143	209	+2
BET	4,400	219	-5	Forte	1,200	272		Northern Elect.	1,300	213	+1	Southern Water	438	345	+1
BICC	1,800	413	+8	Gen. Accident	120	643	+3	Northern Foods	126	539		Standard Chartd.	963	354	+2
BOC	810	571		General Elect.	15,000	181	+1½	Norweb	341	235	+6	Storehouse	624	114	+1
BPB Inds.	8,400	187	-3	Glaxo	1,000	1386	+25	Pearson	443	775	+11	Sun Alliance	285	351	+2
BTR	13,000	410	-13	Glynwed Int.	649	252		P & O	534	496	-6	T&N	70	168	-2
Bank of Scotland	2,400	120	+2	Granada	419	177		Pilkington	9,300	156	-3	TI Group	80	629	-1
Barclays	3,200	469		Grand Met.	4,300	822	+9½	PowerGen	3,600	178	+4	TSB	3,300	147	+1
Bass	1,900	985	+18	GUS A	286	1338	-7	Prudential	1,600	255	+3	Tarmac	3,300	211	-8
Beazer	888	138		GRE	1,000	187	+2	RHM	671	282	+4	Tate & Lyle	583	408	+3
Berisford Int.	214	35	+2	GKN	751	380	-5	RMC	581	621	-14	Taylor Woodrow	700	180	-1
Blue Circle	680	258	-3	Guinness	1,800	1038	+33	RTZ	2,900	551	+12	Tesco	5,400	259	-3
Booker	36	476		Hammerson "A"	842	634	+1	Racal	14,000	56½	-½	Thames Water	281	382	+2
Boots	1,000	417		Hanson	8,900	225½	-2	Rank Org.	1,600	703	+12	Thorn EMI	2,000	815	+17
Bowater	49	678	+3	Hanson Warrants	1,000	30	-½	Reckitt & Colman	781	663	+5	Tomkins	988	396	-7
Brit. Aerospace	2,500	428	+8	Harrisons Crosfield	1,100	155		Redland	1,200	582	-4	Trafalgar House	1,700	242	+7
British Airways	1,800	186	+3	Hawker Sidd.	14,000	758	+118	Reed Intl.	786	501	+3	Ultramar	770	241	-1
British Gas	4,900	274	-2	Hillsdown	5,200	255	+5	Rentokil	44	379	-1	Unigate	151	316	-2
British Land	2,800	325	+4	IMI	549	265	+3	Reuters	895	954	-9	Unilever	818	758	+2
BP	8,800	331	-1½	ICI	1,600	1279	+10	Rolls Royce	3,100	145	+1	United Biscuits	2,000	395	-1
British Steel	1,900	126½	+1	Inchcape	130	388	-1	Rothmans	151	1085	+20	Utd. Newspapers	5	390	+2
British Telecom	3,400	395	-1½	Kingfisher	1,000	558	+2	Ryl Bk Scotland	1,200	186	-4	Vodafone	5,000	373	+4
Bunzl	1,800	91	+1	Ladbroke	1,800	282	-4	Royal Insurance	343	368	+3	Wellcome	129	748	-3
Burmah Castrol	772	590		Land Securities	1,700	539	+6	Saatchi	793	16		Welsh Water	52	387	
Burton	671	46	+½	Laporte	81	588	+9	Sainsbury	4,300	351	-3	Wessex Water	203	417	+2
Cable & Wire.	3,400	550	+3	Legal & General	611	443	+8	Scottish & New	5,500	407	+5	Whitbread 'A'	1,000	486	+6½
Cadburys	1,800	418	-1	Lloyds Abbey	445	428	+2	Scot. Hydro-Elect.	3,400	117	+2½	Williams Hldgs.	2,800	336½	+2½
Calor Group	472	233		Lloyds Bank	1,800	390		Scottish Power	12,000	115½	+6	Willis Corroon	5,700	305	
Carlton Comms	527	518	+2	LASMO	305	307	+4	Sears	7,800	89		Wimpey	835	190	+1
Coats Viyella	774	180	+1	London Elect.	318	210½	+1	Sedgwick	5,800	288	+2	Yorkshire Elect.	389	246½	+4
Comm. Union	732	518	+9	Lonrho	1,500	237	+3½	Seeboard	311	215	+7	Yorkshire Water	359	411	+2

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

BID SPECULATION fuelled the Options market yesterday as traders took advantage of volatility in the underlying cash Index, writes Peter John.

Yesterday's most heavily traded stock options - Allied-Lyons, Asda, Hawker Siddeley, BTR, Grand Metropolitan, Rolls-Royce, Sears and Pilkington - have all attracted some form of bid talk in recent days. The most popular by far was Allied-Lyons with more than 6,700 lots dealt. Traders said that call buying, as an alternative to picking up shares, accounted for about half of the turnover. There was also heavy selling of puts - UBS Phillips & Drew sold around 1500 January 550 puts to take advantage of the volatility in the stock.

Asda saw heavy turnover in the October and January calls while BTR bid target Hawker Siddeley was boosted by a two-way pull. Some investors took profits after the sharp rise in the underlying share price while others looked towards a counter bid.

In Liffe, the September Footsie future contract saw aggressive buying each time it approached fair value as dealers sought to unwind their positions and sell stock. At the official close, the September was 2,615 with 6,435 contracts dealt.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1990 based on Thursday 19 September 1991

Textiles	+	52.20	500 Share Index	+	22.20
Packaging, Paper & Printing	+	45.30	Conglomerates	+	22.18
Health & Household	+	43.94	All Share Index	+	21.43
Business Services	+	43.86	Brewers and Distillers	+	19.31
Chemicals	+	38.04	Food Manufacturing	+	19.10
Telephone Networks	+	37.01	Capital Goods	+	18.73
Engineering-General	+	35.18	Electronics	+	16.43
Merchant Banks	+	32.84	Financial Group	+	16.42
Electricals	+	31.00	Insurance(Brokers)	+	12.73
Other Industrial Materials	+	30.17	Metals & Metal Forming	+	12.55
Other Groups	+	28.44	Food Retailing	+	11.96
Media	+	27.15	Water	+	11.95
Consumer Group	+	26.05	Hotel & Leisure	+	11.85
Banks	+	26.05	Building Materials	+	10.82
Stores	+	26.04	Insurance(Composite)	+	5.21
Electricity	+	25.66	Gold Mines Index	+	4.53
Insurance(Life)	+	25.37	Oil & Gas	+	4.33
Industrial Group	+	25.28	Contracting,Construction	+	3.51
Investment Trusts	+	23.45	Property	+	0.17
Motors	+	23.05	Engineering-Aerospace	-	5.84
Transport	+	22.51			

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	108.6400	-0.360	10.59	10.63	10.63
BELGIUM		9.000	06/01	98.7500	+0.100	9.19	9.17	9.37
CANADA *		9.750	12/01	102.2700	+0.270	9.39	9.50	9.72
DENMARK		9.000	11/00	99.0400	-0.060	9.15	9.11	9.29
FRANCE	BTAN	8.500	11/96	97.8900	+0.120	9.02	9.00	9.25
	OAT	9.500	01/01	103.8300	+0.250	8.96	8.86	9.09
GERMANY		8.750	08/01	102.0100	-0.050	8.44	8.38	8.51
ITALY		12.500	03/01	99.7400	+0.330	12.94	13.04	13.43
JAPAN	No 119	4.800	06/99	91.8616	+0.439	6.37	6.41	6.74
	No 129	6.400	03/00	102.0400	+0.531	6.04	6.08	6.40
NETHERLANDS		8.500	03/01	98.0800	+0.040	8.80	8.77	8.85
SPAIN		11.900	07/96	101.8000	+0.260	11.35	11.45	11.85
UK GILTS		10.000	11/96	101-18	+01/32	9.60	9.61	9.89
		10.000	02/01	102-29	+02/32	9.52	9.59	9.99
		9.000	10/08	97-17	+01/32	9.30	9.41	9.78
US TREASURY *		7.875	08/01	102-04	+10/32	7.57	7.64	7.81
		8.125	08/21	102-25	+13/32	7.88	7.92	8.08

London closing. *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Gloom lightens in cocoa market

THE COCOA market provided the brightest spot in a generally gloomy commodities scene this week. Disappointment at the lack of progress towards a new price-supporting international agreement at last week's International Cocoa Organisation talks in London was quickly shaken off and by Wednesday morning nearby futures prices had reached 11-month highs.

Dealers said that day's rise was prompted by substantial purchases by a UK trade house and supported by constructive technical influences. But it ran into resistance and fell back after the December position reached £768 a tonne.

That resistance area was tested again yesterday; and again it held. The December price closed at £766 a tonne, up £14 on the day and £24 on the week.

However, at least one trade house appears confident that things will soon be looking up for the cocoa market. E.D. & F. Man, in its Gill & Duffus Cocoa Market Report, predicted this week that the world production deficit generally expected for the 1991-92 season would be the first of many.

"We believe the market is now entering a new phase," said the report. "It is moving from a long sequence of surplus years which has led to a sustained downward trend in prices, to a sequence of deficit years which will reduce stocks and lead to a sustained upward trend in prices."

It forecast the coming season's deficit, which would end the seven-year run of stocks rises that has lifted the total to a record 1.49m tonnes, at 148,000 tonnes, broadly in line with other pundits' recent projections.

There was no sign of such optimism ahead of next week's International Coffee Organisation talks. Hopes of agreement for producers to operate a stock retention scheme to give the languishing market a shot in the arm appeared to be fading. Brazil and Colombia, who proposed the scheme, which would hold 10 per cent of production off the market, have the backing of most Central American producers. But the African producers have so far opposed it, preferring a resumption of the ICO export quota system that was suspended two years ago.

Even if there were agreement on the retention scheme in principle problems would remain about financing it and devising a verification system, traders have warned.

This week's price decline was led from New York and followed, somewhat reluctantly at first, in London. Continuing dry weather in Brazil helped the the November position at the London Futures and Options Exchange to rally by £4 yesterday to £539 a tonne. But that was still £23 down on the week.

At the London Metal Exchange the only contract to finish ahead on the week was copper, with the cash position £26 up at £1,365.50 a tonne.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+18,250	to 672,025
Copper	-1,975	to 312,075
Lead	+75	to 99,325
Nickel	+558	to 9,360
Zinc	+1,050	to 149,825
Tin	-335	to 14,800

Commission house and options-related selling had helped to push the price down by £30 on Monday and Tuesday before the appearance of Japanese buying interest put fresh heart into the market. Further gains mainly reflected a tight nearby supply situation, which resulted in the £2.75 cash discount against three months metal at the end of last week turning into a £16.25 premium. Yesterday's announcement of a 1,975-tonne fall in LME warehouse stocks of copper was also supportive, traders said, although it had been widely expected. Similarly unsurprising was Gecamines of Zaire's forecast that its copper output would fall from 400,000 tones to 250,000 tonnes this year. But traders said it served to underline concern about African supplies.

The biggest losers at the LME were aluminium and nickel.

As exchange aluminium stocks surged by another 28,375 tonnes to 672,025 tonnes, the highest level ever for any LME metal, prices fell to the lowest level since the high grade contract was launched in 1987. The cash price closed yesterday at $1,188.50 a tonne, down $36 on the week.

Growing LME stocks were also to blame for nickel's fall to 18-month lows. As the stocks total climbed 1,470 tonnes to a 14-month high of 9,360 tonnes the cash price slid $360 to $7,497.50 a tonne.

At the London bullion market the gold price moved up with silver and platinum but never looked like challenging the resistance at $350 a troy ounce that has recently been the signal for substantial sales. The price closed yesterday at $348.35 an ounce, down 50 cents on the day and up $4.15 on the week.

Richard Mooney

APPOINTMENTS

CBI picks directors of training and environment

■ THE CONFEDERATION OF BRITISH INDUSTRY has promoted former deputy director Mr Robbie Gilbert to director of employment affairs, succeeding Mr Rod Thomas, and Mr John Cridland, former deputy director of human resources, education and training, to director of environment, health and safety.

■ Mr Peter Hill, head of corporate development at COSTAIN GROUP, will take over as executive chairman of the residential property division, which has operations in the UK, US and Spain.

This will follow the departure of Mr Keith Egerton, who is resigning from the boards of Costain and its residential and commercial property subsidiaries at the end of this month.

Mr Peter Shaw, currently joint managing director of County & District Properties (the group's commercial property arm), will be appointed chief executive of that company, with Mr Roger Taylor remaining as managing director, development.

■ THE LIFE ASSOCIATION OF SCOTLAND has appointed Mr Colin Winchester as general manager (finance). He is a member of the Institute of Chartered Accountants, and previously was a partner with Ernst and Young.

■ Mr A.J. Peake and Mr A.F. Rowe have become directors of BOWRING MARINE REINSURANCE BROKERS (London).

■ Mr William Samuel has joined H.P. BULMER HOLDINGS as a non-executive director. He is a director of J. Henry Schroder Wagg.

■ HILL SAMUEL PROPERTY SERVICES managing director Mr Brian Wootton is to retire in early October. His responsibilities will be assumed by executive chairman Mr Tony Gaitskell (pictured).

Director Mr Robert Dismorr has been appointed head of the investment department.

■ JOHN WOOD GROUP has appointed Mr Allister Langlands as group financial director. He was previously a partner with Coopers & Lybrand Deloitte.

■ COMMUNITY HOSPITALS GROUP, the publicly quoted company specialising in acute and long-term care in the private sector, has appointed Mr Neil O'Donoghue as a non-executive director.

Mr O'Donoghue has spent his whole career in health care. Since 1978 he has been consultant urological surgeon to St Peter's and Central Middlesex Hospitals.

■ Mr Peter Dobson has been named division manager filters at PARKER HANNIFIN, and will be based at Leeds. Before joining Parker, he held senior marketing and management positions at Black & Decker, Dexion and Torin.

Mr Ronnie Leslie has been promoted to UK personnel manager, Parker Hannifin Plc. Previously UK Fluidpower personnel manager, he will continue to be based at the company's pneumatic division at Cannock.

■ MICHAEL ELSE AND CO, the mutual insurance association manager, has appointed Mr Brian Price, formerly a partner with chartered accountants Kidsons Impey, as managing director.

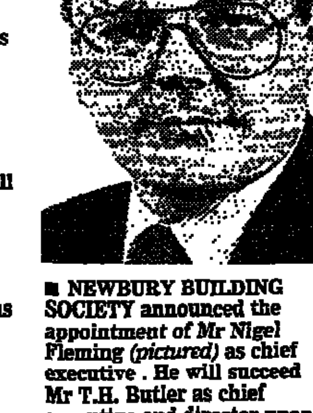
■ Mr Mark Birrell has joined FRASER INSURANCE BROKERS as managing director of Fraser Marine Risks, while Mr Adrian Bussell has been made a director of this new division.

■ FLEMING INVESTMENT TRUST MANAGEMENT has appointed Mr Andrew Watkins as national sales manager, with specific responsibility for developing sales to the intermediary market. He was intermediary sales manager at Kleinwort Benson.

■ CALA, the quoted housebuilding company with its head office in Scotland, has appointed Mr Alan Brown, who is CALA south-east area development director, to the board of CALA Homes (South), the south England subsidiary.

■ J WALTER THOMPSON, London's largest advertising agency, has appointed Mr William Eccleshare and Mr Dominic Proctor as joint managing directors to replace Mr Chris Jones, who became chief executive at the start of the year.

■ LUCAS INDUSTRIES has appointed Mr Gordon R Walsh as managing director of its flight control and actuation systems division. He will be based in Reston, Virginia, in the US. Mr Walsh was group vice-president responsible for the aerospace and engineered materials businesses at the Interlake Corporation.



■ NEWBURY BUILDING SOCIETY announced the appointment of Mr Nigel Fleming (pictured) as chief executive. He will succeed Mr T.H. Butler as chief executive and director upon the latter's retirement early in 1992.

Mr Fleming, who joined the building society in 1979 as accountant, is currently deputy general manager.

■ MERCANTILE CREDIT has appointed Mr Andy Mitchell as national new business manager.

■ David Charlton has left The Rowland Company, where he was a director, to join TENET PUBLIC RELATIONS.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Manulife Management Ltd (1200)H
St George's Way, Stevenage Dealings:071-256 5858

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Units	5¼	136.2	136.2xd	144.9	+0.9	4.10
Gilt & Fxd Int	5	151.8	151.8	159.7	+0.5	7.93
Intl Growth	5¼	146.8	146.8	156.2	+0.6	0.45
North American ♥	5¼	97.36	97.36	103.6	+1.1	0.33
Far East	5¼	115.8	115.8	123.2	-0.2	0.52
UK Smaller Cos	5¼	106.9	106.9	113.7	+0.5	2.79
European	5¼	53.45	53.45	57.02	-0.36	1.15
Japanese Growth	5¼	36.47	36.47	39.06	-0.28	0.00
Managed P'folio	5¼	49.75	50.09	53.29	+0.13	1.56
High Income	5¼	150.1	151.9xd	161.6	+0.8	5.78
High Yielding Gilt	5¼	61.64	61.64	64.88	-0.03	9.61
Cash		51.91	51.91	51.91	+0.01	9.03

For Geoffrey Morley see Commercial Union

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

هكذا عن الأصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American ♦	5	303.1	303.1	323.9	+2.2	1.30
(Accum Units) ♦	5	354.6	354.6	378.4	+2.5	1.30
British	5	823.0	823.0	870.7	+3.8	5.50
(Accum Units)	5	1352.1	1352.1	1430.5	+6.2	5.50
European	5	330.0	330.0	351.4	-2.1	1.49
(Accum Units)	5	353.7	353.7	376.7	-2.2	1.49
Japan	5	114.4	114.4	121.5	-0.6	-
(Accum Units)	5	115.3	115.3	122.4	-0.6	-
New Pacific	5	166.5	166.5	176.9	+0.5	1.99
(Accum Units)	5	170.9	170.9	181.6	+0.5	1.99
PEP Sept 18	5	142.8	145.0	153.4	-0.8	3.65
Mngd Equity	5	122.8	124.6	131.9	-0.1	3.51
Mngd Equity Acc	5	130.2	130.2	139.9	-0.1	3.51
Mngd Cash	5	97.07	97.07	99.97	+0.02	10.49
(Accum Units)	5	115.0	115.0	118.4		10.49
Nat Fund In Oz Aug 28	5	122.9	122.9	130.0	...	6.77
Majority Stg	1	101.10	101.10	102.10	+0.04	10.39
Majority Stg Acc	1	106.05	106.05	107.10	+0.04	10.39
Storebrand Intl Inv Mngrs Ltd (1200)F						
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries: 0277 227300 Dealing: 0277 261010						
International Sept 13	0	50.91	50.91	51.46	...	3.46
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
Sun Alliance House, Horsham 0403 56293						
Equity	6	614.1	621.7	664.9	+3.3	3.05
North America	6	77.44	78.21	83.65	+0.49	1.08
Far East	6	88.67	88.67	94.80	-1.07	1.53
W'wide Bond	6	47.96	47.96	51.02	-0.02	6.15
European	6	66.36	66.36	70.97	-0.26	1.20
Equity Income	6	71.60	71.60	76.58	+0.22	5.29
Portfolio	6	58.08	58.08	62.12	+0.12	1.97
Sun Life of Canada Unit Mgrs Ltd (1000)H						
Basingstoke, Hants 0800 525725						
American Growth	6	25.88	25.88	27.68	+0.04	0.39
Managed Assets	6	104.47	105.14	112.45	+0.13	3.69
UK Income	6	33.34	33.82	36.18	+0.05	4.35
UK Growth	6	33.30	33.69	36.04	+0.08	3.02
Worldwide Growth	6	24.43	24.43	26.13	+0.01	0.82
Sun Life Trust Mngmt Ltd (1200)H						
101, Cannon St, London EC4N 5AD						
Admin & Enq 071-606 4044 Dealing: 071-606 6010						
Master Portfolio	5¼	35.08	35.08	37.52	+0.02	1.33
Amer Growth Acc	5¼	43.81	43.81	46.81	+0.16	0.22
Cap Protector Acc	5¼	35.67	35.67	38.15	+0.05	4.36
Cap Protector Inc	5¼	32.04	32.04	34.27	+0.06	4.36
Euro Growth Acc	5¼	58.50	58.50	62.47	-0.09	0.87
Far East Gwth Acc	5¼	76.47	76.47	81.79	-0.82	0.80
Japan Growth Acc	5¼	94.84	94.84	101.12	-0.39	0.00
UK Growth Acc	5¼	57.64	57.64	61.68	+0.41	2.74
UK Income Acc	5¼	61.80	61.80	66.10	+0.37	4.35
UK Income Inc	5¼	48.06	48.06	51.40	+0.28	4.35
Mngd Exmt Income Inc	5¼	26.18	26.21	28.03	+0.10	5.36
Mngd Exmt Income Acc	5¼	27.01	27.03	28.91	+0.10	5.36

	Bid Price	Offer Price	+ or -	Yield Gross
Funds in Court*				
Capital Sep 19	509.13	512.89	...	2.79
Gross Sep 19	188.71	190.23	...	10.25
High Yield Sep 19	298.04	300.44	...	7.32
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd.	54.18	55.31	+0.26	3.64
INVESCO MIM Management Ltd				
Exempt Funds				
Intl Mngd P'Folio.	1188	1280	...	-
Mngd Pens (Acc)	70.7	75.4	...	-
Lazard Brothers & Co. Ltd				
Property Sept 5	£2440.0	2680.0	...	6.00
Int Gth Pro Apr 16	£1325.0	1460.0	...	7.20
Lazard Investors Ltd #				
Exempt Funds				
Small Co's Sept 19	£3819.7	3994.9	...	4.07
European Sept 19	£545.7	551.5	...	2.06
American Sept 19	£350.0	353.7	...	2.30
Japan Sept 19	£505.1	511.4	...	1.27
Pacific Sept 19	£138.0	141.4	...	1.96
W Midlands Aug 30	£144.50	161.30	...	2.48
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Property Aug 31	199.20	203.20		7.39
Equity Aug 31	885.85	898.25	...	4.10
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond Sept 18		104.35	-0.1	10.33
(Accum Units)		599.6	-0.2	10.33
NAACIF Sept 17		43.43	...	9.05
Morgan Grenfell Unit Trust Managers Ltd				
Exempt Funds				
UK Equity † Sept 17	130.9	140.5	...	3.64
UK Small Co † Sept 17	527.2	579.9	...	3.47
Fixed Interest † Sept 17	111.0	116.7	...	8.35
US Small Co Sept 17	160.7	171.9	...	0.00
Managed Sept 17	109.6	117.2	...	3.36
Intl Bond Sept 17	118.9	125.5	...	10.23
Japan Sept 17	72.81	77.82	...	0.37
European Sept 17	88.61	94.89	...	1.95
Nth American Sept 17	108.1	116.3	...	1.36
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Expt Sept 18	52.03	54.11	...	2.02
Euro Expt Sept 18	52.42	55.04	...	1.98
Fixed Int Ex Sept 18	47.28	48.46	...	9.95
Japan Expt Sept 18	46.60	48.46	...	0.78
Managed Ex Sept 19	46.11	47.95	...	4.29
SE Asia Expt Sept 18	71.51	75.08	...	3.37

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

N & P Life Assurance Ltd

6-7 Bedford Row, London WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	108.5	114.3	+0.4	-
Pension Managed Fd	107.8	113.5	+0.6	-
Life Deposit Fd	109.5	115.2	....	-
Pension Deposit Fd	115.6	121.7	+0.1	-

National Financial Management Corp PLC

72 Gatehouse Rd, Aylesbury. HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	114.7	120.8	-0.6	-
Managed Growth	140.3	147.7	-0.3	-
Managed Opportunity	140.5	147.9	-0.1	-
NFMC Target Financial	106.5	112.2	+0.3	-
Pension Funds				
Managed Cautionary	125.3	131.9	-0.4	-
Managed Growth	149.4	156.3	-0.3	-
Managed Opportunity	140.7	148.2	-0.1	-
NFMC Target Glogo Pens	1570.1	1652.3	+4.8	-

National Mutual Life

The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	167.3	176.2	..	-
UK Equity	179.7	189.2	..	-
Overseas Equity	131.5	132.5		-
Fixed Interest	153.1	161.2	....	-
Property	135.9	143.1	..	-
Index Linked	150.6	153.6		-
Deposit	161.4	169.9	-	-
With Profits (B)	132.1	139.1		-

National Provident Institution

48 Gracechurch St. London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	359.9	378.9	+1.4	-
UK Equity	457.6	481.7	+2.3	-
Overseas Eq	[illegible]	366.1	+0.8	-
American	[illegible]	391.5	+2.1	-
Far East	[illegible]	384.6	-0.2	-
Property	[illegible]	205.0	+0.1	-
Fixed Int	[illegible]	284.2	+0.7	-
Indexed Gilt	160.2	168.7	+0.1	-
Deposit	185.6	195.4	+0.1	-
With Profits	103.2	108.7	+0.2	-
Pension Fund (Accum Units)				

Providence Capital Life Assc. Co Ltd

2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc.	232.2	245.0	+1.2	-
UK Fixed Int Acc.	186.2	196.5	+0.2	-
Intl Equities Acc.	175.2	184.9	+0.4	-
UK Managed Acc	177.0	186.7	+0.5	-
Property Acc	224.2	236.6	..	-
Money Acc.	131.5	138.8	....	-
Special Market Acc.	147.1	155.2	+0.2	-
Japan Equity Acc.	99.7	105.2	-0.3	-
North American Acc.	105.2	111.0	+0.6	-
Pacific Acc.	92.4	97.5	+0.3	-
Technology Acc.	121.4	128.1	+0.4	-
Nat Resources Acc	52.8	55.7	-0.6	-
European Acc.	102.1	107.8	-0.5	-
Residential Prop Acc.	96.4	101.7	..	-
Swiss Equities Acc.	33.8	35.7	..	-
Hong Kong Acc.	66.6	70.3	+0.7	-
UK High Inc Eq Acc.	76.0	80.2	+0.2	-
Int Fixed Interest Acc.	59.8	63.1	..	-
Int Managed Acc	56.7	59.8	+0.1	-
HIP Managed Acc.	118.7	125.2	-0.1	-
HIP Managed II Acc.	103.1	108.7	+0.2	-
HIP Managed III Acc.	110.1	116.1	+0.2	-
Total Investment Bond				
UK Equity Initial	157.7		+0.8	-
UK Fixed Int Initial	126.7		+0.1	-
Intl Equities Initial	118.4		+0.3	-
UK Managed Initial	120.4		+0.3	-
Property Initial	153.6		....	-
Money Initial	89.9		....	-
Special Market Initial	114.1		+0.1	-
Japan Equity Initial	77.3		-0.3	-
North American Initial	81.6		+0.4	-
Pacific Initial	71.6		+0.2	-
Technology Initial	94.2		+0.3	-
Nat Resources Initial	40.9		-0.5	-
European Initial	91.5		-0.4	-
Residential Prop Init.	92.0		....	-
Swiss Equities Initial	32.3			-
Hong Kong Initial	63.6		+0.7	-
UK High Inc Eq Init.	72.5		+0.1	-
Int Fixed Interest Init.	57.8		.	-
Int Managed Init	54.9		....	-
HIP Managed Init.	115.2		-0.1	-
HIP Managed II Initial	101.4		+0.2	-
HIP Managed III Init.	109.5		+0.2	-
Broker Funds				

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

	Bid Price	Offer Price	+ or -	Yield Gross
Baring International Fd Mngrs (Ireland) Ltd				
Australia	$16.35	17.17	-0.02	1.05
Japan Tech	$60.02	63.03	-0.27	-
Japan Fund	$25.45	26.73	-0.11	0.17
Japan New Gorth Fd.	$19.38	20.35	+0.06	-
Malay Sing.	$50.94	53.49	-0.47	0.31
Nth American	$21.80	22.89	+0.11	0.59
Octopus Fund	$21.06	22.12	+0.14	0.88
Pacific Fd.	$61.56	64.64	-0.02	-
International Bond	$17.15	18.01	-0.02	6.09
Europa Fund	$13.59	14.28	-0.08	-
British Screen Fd.	£0.95	1.00	+0.01	-
Trisear Warrant	$10.25	10.76	+0.05	-
Hong Kong	$48.31	50.73	+0.54	3.09
Mngd Portfolio (Stlg)	£4.23	4.55	-0.01	-
Mngd Portfolio (Dlr)	$10.24	10.80	...	-
Currency Fd-Sterling	£10.41		...	-
Currency Fd-US Dollar	$15.31		+0.01	-
Curr Fd-Deutschemark	DM40.37		+0.01	-
Curr Fd-Managed $	$44.32	46.53	-0.14	-
Federated International Funds Plc				
Federated Short-term US Gov't Securities Fund				
Institutional Ser Series*	$1.00		...	5.63
Investment Series*	$1.00		...	5.63

*Annualised Yield

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey 0534 606000						
Intl Circuit Portfolio	1½	0.9927	0.9927	1.0529		1.67
Gilt	3	0.9580	0.9580	0.9878		10.12

For MIM see INVESCO MIM

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey 0534 76077						
Govt Secs Fd	4	56.50	56.50d	59.02	+0.02	9.49
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey 0534 73494						
TSB Offshore Investment Fund Ltd						
Stg Deposit Class	3	103.65	103.65	106.76	+0.03	10.30
Gilt & Fixed Interest	3	106.41	106.41	109.62	+0.02	8.80
Blue Chip & Gilt Edge	5	51.81	51.81	55.20	+0.15	3.62
International Bond	5	110.41	110.41	115.95	+0.06	6.91
UK Equity	5	131.36	131.36	143.01	+0.17	0.96
International Equity	5	115.53	115.53	123.58	+1.03	0.00
Far Eastern	5	88.45	88.45	94.00	+0.32	0.00
European	5	89.21	89.21	94.44	-0.30	0.00
Pan American	5	144.14	144.14	153.60	+4.15	0.00
TSB Gilt Fund Ltd						
Quarterly Share	3	100.16	100.16	103.49	+0.35	9.95
Monthly Share	3	98.07	98.07	101.32	+0.35	10.17

ISLE OF MAN (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Allied Dunbar Intl Fund Mgrs (1600)F						
Lord Street, Douglas, IoM 0624 661551						
ADI Managed(z)	5	[illegible]	0.5808	0.6185	[illegible]	-
ADI Mgd Currency(z)	5	[illegible]	0.3839	0.4048	[illegible]	-
ADI W'wide Eq(z)	5	[illegible]	0.6412	0.6827	[illegible]	-
ADI Nth Amer Gth(z)	5	[illegible]	0.7559	0.8050	[illegible]	-
ADI Far East(z)	5	[illegible]	1.1060	1.1770	[illegible]	-

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Barclays Intl Funds				
Currency Funds				
Sterling	£21.06		+0.01	9.6
US Dollar	$31.26		...	4.4
Deutschemark	DM54.67		+0.01	7.8
Yen	Y4,015		...	5.6
Managed Multicurrency	£13.18	13.65	+0.01	-

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

September 20	US$	+ or −
AAR Corp	14¼	+⅛
AMP Inc	51⅞	+⅜
AMR Corp	59	+⅛
ASA	45⅜	−½
Abbott Labs	53½xd	+¼
Acme Cleveland	6⅜	...
Adobe Res	8	−⅛
Advanced Micro	10½	...
Aetna Life	34	...
Affiliated Publ	8⅜	...
Ahmanson (HF)	18	−⅛
Air Prod & Chemical	65⅜	−⅛
Alberto-Culver B	21⅞	+⅛
Albertson's	39⅝xd	−¼
Alcan Aluminum	19⅝	...
Alco Standard	33⅞	+¼
Alexander & Alex	20⅝	...
Alex & Baldwin	24⅝	−¼
Allegheny Power	42xd	...
Allied Signal	36⅞	...
Aluminum Co of Am	66½xd	−⅛
Amax	20¾	+½
Amdahl Corp	13⅜	−½
Amerada Hess	57½xd	+½
Amer Brands	44½	−¾
Amer Cyanamid	65⅞	+1⅛
Amer El Power	29⅞	−½
Amer Express	26⅛	...
Amer Family Corp	24⅜	−⅛
Amer Genl Corp	39⅞	+¼
Amer Greetings Cl A	35	+⅜
Amer Home Pr	71	+2⅜
Amer International	84	...
Amer Natl Ins	33½	+¼
Amer Stores	35½xd	−¼
Amer T & T	38	−⅛
Ameritech	62½xd	+¼
Ames Dept Stores	1.37	+0 13
Ametek Inc	12¾xd	...

September 20	US$	+ or −
Contl Corp	25	+⅛
Control Data	8⅛	...
Cooper Inds	52¼xd	−⅛
Coors (Adolph)	18⅞	−½
Corestates Finl	42½	+¾
Corning Inc	68½	+¼
Crane	25	+1½
Cray Research	40⅞	+⅛
Cross & Trecker	5⅜	−⅛
Crown Cork & Seal	90⅜	+2½
Cummins Engine	38¼	...
Curtiss-Wright	32⅞	−⅛
Cypress Semicond	18⅝	+⅛
Cyprus Minerals	21¾	+1
DSC Commun	5⅞	+⅛
DQE	28¾	+½
Dana Corp	31¼	...
Data General	20⅛	−⅛
Dayton Hudson	74	−⅛
Deere	53⅞xd	+⅛
Delmarva Powr & L	19⅜	−⅛
Delta Air Lines	65⅛	−¾
Deluxe Corp	47⅝	+¼
Detroit Edison	30½xd	+⅛
Dial Corp Ariz	36¼	+⅜
Diebold Inc	47	+1¼
Digital Comms	16	+½
Digital Equipment	55⅜	−1¼
Dillard Dept St	133⅜	−¼
Disney (Walt)	111⅜	+½
Dole Food Inc	44½	−⅛
Dominion Res	50⅝	...
Donelley (RR)&Sons	45½	−⅛
Dover Corp	38¼	−⅛
Dow Chemicals	53⅜	+⅛
Dow Jones	26⅜	−¼
Dravo Corp	9¼	+¼

September 20	US$	+ or −
Computer Ass Int	7⅞	−⅛
Computer Sciences	60	+1⅛
Conagra	45⅞	+½
Cons Edison	24½	−¼
Cons Freightways	13⅝	−⅛
Cons Nat Gas	41⅛xd	−½
Cons Paper	39½	...
Cons Rail	71⅛	+⅛
Continental Air	1 87	...
Contl Bank Corp	11⅞xd	+½

September 20	US$	+ or −
InterTAN	24⅝	+⅛
James River Va	21¼xd	+⅛
Jefferson Pilot	50⅜	−½
Johnson Controls	32¼	−⅛
Johnson & Johnson	89¼	+⅛
K Mart	43⅞	+¼

September 20	US$	+ or −
Phillips-Van Hsn	37⅛	+½
Pic'n'Save	21¼	+⅝
Pinnacle West Cap	11¾	...
Pioneer Hi Bred	52⅛	+⅜
Pitney Bowes	62⅛	+2⅛
Pittston	16¾	−¼
Polaroid	25	+⅛
Policy Mgt Sys	52⅜	+½
Potlatch Corp	37⅛	+½

INDICES

NEW YORK

DOW JONES	Sep 19	Sep 18	Sep 17	Sep 16	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3024.37	3017.89	3013 19	3015 21	3055.23 (28/8)	2470.30 (9/1)	3055 23 (28/8/91)	41.22 (2/7/32)
Home Bonds	96 48	96 56	96.57	96.55	96.57 (17/9)	91.30 (16/1)	96.57 (17/9/91)	54.99 (1/10/81)
Transport	1181 24	1174 19	1176.30	1181.06	1241 89 (3/6)	894 30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	208 00	208 25	207 62	208 12	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10 50 (8/4/32)

♦Day's High 3050 76 (3025 49) Low 3002 91 (2993 53)

STANDARD AND POOR'S

	Sep 19	Sep 18	Sep 17	Sep 16	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	387.56	386 94	385 50	385.78	396.64 (28/8)	311.49 (9/1)	396 64 (28/8/91)	4 40 (1/6/32)
Industrials	459 41	458.84	457.08	457.35	472.01 (29/8)	364.90 (9/1)	472.01 (29/8/91)	3.62 (21/6/32)
Financial	31.52	31.32	31 15	31 13	32.24 (14/8)	21 96 (9/1)	35 24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	212.74	212.23	211.54	211.65	217 17 (28/8)	170.97 (9/1)	217.17 (28/8/91)	4 46 (25/4/42)
Amex Mkt. Value	368 68	367.15	366 28	366 87	373 40 (18/4)	296 72 (14/1)	397 03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	522.67	518 55	515 17	515.68	526.39 (29/8)	355.75 (14/1)	526.39 (29/8/91)	54.87 (31/10/72)

	Sep 13	Sep 6	Aug 30	year ago (approx.)
Dow Industrial Div Yield	3 07	3 04	3 01	3.95

	Sep 18	Sep 11	Sep 4	year ago (approx.)
S & P Industrial div. yield	2.73	2.74	2.70	3.29
S & P Indl P/E ratio	21.15	21 01	21.33	15 12

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Limited Inc	8,512 500	26¼	- ¼
Royal Dutch	7,576,100	81¼	- ½
Telefonica	4,594,800	34⅛	+ 2⅛
Blockbuster	4,319.700	12⅜	+ ¼
Am T & T	3,430,000	38⅜	+ ⅛
Amer Express	2,915,600	26⅛	+ ¼
RJR Nabisco	2,722,400	11⅜	- ⅛
Union Electric	2,543,600	33½	+ ¼
Glaxo Hldgs	1,904,100	47⅞	+ 1⅛
Waste Mangmn	1,820,500	35⅞	+ ⅛

TRADING ACTIVITY

† Volume Millions	Sep 19	Sep 18	Sep 17
New York SE	210 770	141 280	168.310
Amex	13.882	9 856	15.506
NASDAQ	206.941	132.248	166.956
NYSE			
Issues Traded	2,113	2,088	2,101
Rises	897	853	724
Falls	657	678	855
Unchanged	559	557	522
New Highs	123	81	84
New Lows	19	18	25

CANADA

TORONTO	Sep 19	Sep 18	Sep 17	Sep 16	1991 HIGH	1991 LOW
Metals & Minerals	2915.43	2919 88	2934.88	2965 90	3299 99 (18/7)	2632.06 (9/1)
Composite	3411.93	3418.48	3417.96	3428 17	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1815.06	1820.30	1817.97	1823.59	1903 86 (7/6)	1686 89 (9/1)

Base values of all indices are 100 except NYSE All Common − 50: Standard and Poor's − 10; and Toronto Composite and Metals − 1000 Toronto indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Banks attract interest as Dow moves higher

Wall Street

US STOCK prices moved moderately higher yesterday morning after a choppy opening, with strong investor interest in selected bank stocks, *writes Our New York Staff.*

Early morning trading saw the Dow Jones Industrial Average fall slightly, but the index was up by 8.05 to 3,032.42 by 2pm. Trading volume stood at 153m shares.

As word spread of an expected merger between Shawmut National and the Bank of Boston, the shares of both banks strengthened. Shawmut's price was $⅝ higher at $9⅝ while the Bank of Boston price rose by $⅝ to $10⅝.

Fleet/Norstar, the bank that acquired the failed Bank of New England earlier this year, fell $¼ to $23¼. Fleet would be leapfrogged as the leading bank in New England as a result of a deal between Shawmut and the Bank of Boston.

J.P. Morgan's price was $⅞ higher at $58. The stock was one of the most actively traded on the New York Stock Exchange, thanks to at least two factors.

On the one hand, traders said a block of 5m shares in Morgan was traded by Goldman Sachs as part of a dividend-capture strategy. The other explanation for the rise in the stock price was talk that Morgan may pick up business as a result of the scandal at Salomon Brothers.

First Union Corporation was marked $1½ higher at $27⅞. The super-regional bank is buying the deposits and certain liabilities of Miami's Southeast Banking in a deal assisted by the Federal Deposit Insurance Corporation (FDIC).

The over-the counter market, meanwhile, hit an all-time record high at lunchtime on brisk volume. The Nasdaq composite index was up by 4.80 to 527.47, *against an all-time* closing high of 526.39 on August 29.

Among the star performers was Genetics Institute, the biotechnology drugs company, which has agreed to the purchase of a 60 per cent stake in the company by American Home Products in a transaction valued at $666m. Genetics' share price was up $1¾ at $39¼ yesterday morning. On the NYSE the price of American Home jumped by $3¼ to $71⅞ on news of the deal.

One stock running counter to the general trend was Cincinnati Milacron, the machine tool maker, which announced the halving of its dividend on Thursday after the market closed. The share price dropped by $1 yesterday to $11⅛ as Standard & Poor's, the credit rating agency, downgraded *the company's senior* debt to BB from BBB–.

In the bond market there was no activity by the Federal Reserve. Prices of US Treasury bonds were higher in reaction to reports that the Fed is watching money supply with increasing concern.

Some Fed officials are suggesting another cut in the Fed funds target as the remedy needed to get the money supply closer to its target. Fed funds were changing hands at 5⅛ per cent.

The benchmark 30-year long Treasury bond was marked ⅜ higher at 102⅞, yielding 7.878 per cent. The 10-year Treasury bond was ⅛ higher at 102⅛, to yield 7.560 per cent.

Canada

STOCKS SLIPPED slightly at *midday in Toronto as* most players waited for the outcome of the triple-witching expiry of stock options and index options and futures.

The industrial products index rose 2.96 to 1,931.24 but most other sectors were weak. The composite index fell 6.05 to 3,405.90 in volume of 14m shares. Declines led advances by 132 to 118. The gold index slid 41.02 to 4,517.07.

The nickel miner, Inco, continued its recent decline, falling C$¼ to C$35½. Nickel prices fell to 18-month lows on the London Metal Exchange.

France seizes continental initiative in third quarter

William Dawkins explains the bourse's strength

THE PARIS bourse woke from its mid-year slumber early in the current quarter, and has been seeing a steady increase ever since.

The main ingredients of the reviving mixture have been a renewal of interest in French equities by foreign investors, evidence of a mild economic recovery and another anti-inflationary budget, which confirmed that Mr Pierre Bérégovoy, the Finance Minister, plans to hold his rigorous monetary course in spite of rising unemployment.

Mr Bérégovoy's continued *tight reign on the budget* deficit has also fuelled speculation about a possible half-point cut in interest rates. Some brokers argue that this would give the market a significant lift, although Paribas points out in its *monthly* economic study that rates would have to be cut by 2 to 3 points to have any significant impact on activity.

Beyond that, the budget has had little direct impact on French share prices. It offers a reduction in tax on distributed corporate profits, but takes most of that away again by raising taxes on the gains on companies' financial investments, the combination of these measures being angrily dismissed as a *trompe l'oeil* by the Patronat employers' organisation.

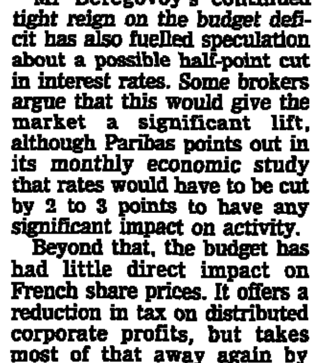
Even so, the CAC 40 index has climbed fairly steadily from early July to reach a new high for the year of 1,885.49 yesterday – a 7.9 per cent gain during the quarter, and well above the rise of about 3.5 per cent for Europe as a whole.

Most brokers believe the index should have no problem in breaking through the psychologically significant 1,900 mark in the next few weeks, although it is still a long way off the previous record of 2,129.32 achieved in April last year.

Daily turnover has risen from roughly FFr2bn ($340m) per day towards the start of the month to FFr2.8bn-FFr3bn by the end of this week. Foreign institutions appear to have been encouraged to return to France on the belated realisation that Mrs Edith Cresson's arrival as Prime Minister did not, as they had feared, signal a change in economic policy, says Mr Piers Butler, head of sales at Enskilda Securities in Paris.

Many investors felt that the Paris market was overdue for a re-rating, in anticipation of economic recovery and in the wake of the earlier strong rises recorded by the US and UK markets, adds Mr David Harrison of DLP-James Capel in Paris. By the end of last week, the CAC 40 stood on a rating of 10.9 times prospective 1992 earnings, still behind the price/earnings ratio of 12 for the UK.

FT–A World Indices in local terms (rebased)



Source: Datastream

That said, nobody expects the French economic recovery to be strong. Most economists believe that the 1.5 per cent increase in industrial production in the second quarter and the 0.8 per cent rise in gross domestic product in the same period are not enough to guarantee a strong revival. The budget itself is bargaining on economic growth of only 1.4 per cent this year, rising to 2.2 per cent next year.

Some companies appear to be on the way to an upturn, such as Alcatel Alsthom, the telecommunications and engineering group, BSN in food and CMB in packaging, all of which pleased the market with good first half profit rises. LVMH, the bellwether for the luxury goods business, is also expecting a rise in profits for the year, in spite of a small decline in the first half.

However, strongly cyclical sectors are still in the doldrums, as shown by the steep half-yearly profit declines reported by Rhône-Poulenc in chemicals, and this week by Pechiney, the aluminium and packaging producer, and Saint-Gobain, the glass and pipes group. Several brokers feel that these results mark the bottom of the cycle and say that corporate earnings generally could recover by as much as 15 per cent in 1992.

Within the general rise in share prices, two sectors stand out. Early this month, there was strong buying of the non-voting investment certificates issued by state-controlled companies, including Crédit Lyonnais, Elf Aquitaine, Rhône-Poulenc and BNP.

Investors were attracted by the government's decision to extend its partial privatisations, announced by Mr Bérégovoy at the end of August and confirmed by President François Mitterrand a few days later. The speculation is that the government could sell voting rights at a discount, but brokers dismiss this as wishful thinking because the finance ministry has said nothing on the subject.

At most, the highly publicised debate on privatisation will have reminded investors of the liberal economic tendencies of the Socialist Government, reckons James Capel's Mr Harrington.

Pharmaceutical companies have also shown strong gains, with Sanofi shares, for example, up 14 per cent over the month, and strong performances also evident from Synthélabo, Rhône-Poulenc – before its results – Roussel-Uclaf and Institut Mérieux. These were all responding to government reforms, which will lead to a rise in drug prices and put pressure on pharmaceutical companies to spend less on publicity and more on research.

The scheme is a relief to drug companies, which have been complaining that the government has leant too hard on them in order to curb the social security budget deficit. However, analysts point out that the benefits from increased research spending will clearly not help earnings for several years.

As for the rest of the market, a slow-acting medicine seems to be at work.

EUROPE

Madrid and Paris end week with a flourish

SPAIN AND France ended the week with a flourish yesterday, as the former enjoyed a sharp rise in active trading and the latter closed at another year's high, *writes Our Markets Staff.*

MADRID rose 1.3 per cent in heavy volume. The general index added 3.62 to 276.61, a gain on the week of 1.6 per cent, as turnover grew to Pta30bn from Pta17.7bn.

One dealer said that investors were switching from cash into equities, encouraged by Thursday's remarks by Mr Carlos Solchaga, the finance minister, on the liberalisation of capital movement, and on hopes of an interest rate cut. The buyers were not only foreigners, who tend to act first in a rally, but also domestic institutions, the dealer said.

Telefónica attracted the most interest, although there was competition from banks and utilities. Volume in Telefónica remained heavy at 10.76m shares, but the price slipped from its day's high of Pta1,210 to close Pta5 up at Pta1,160, for a rise of 15.4 per cent on the week. News yesterday that Telefónica had sold a 40 per cent stake in Fujitsu España added fuel to the stock's rally, triggered by Wednesday's news of a change in dividend policy.

Iberdrola rose Pta26 or 3.7 per cent to Pta724 in 3.8m shares, Union Fenosa gained Pta12 to Pta569 in 2.5m shares and BBV advanced Pta120 or 3.8 per cent to Pta3,275.

FT-SE Eurotrack 100 - Sep 20

Hourly changes							
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1114.64	1115.26	1114.14	1113.93	1115.03	1115.09	1114.62	1114.51

Day's High 1116.01 Day's Low 1112.56

Sep 19	Sep 18	Sep 17	Sep 16	Sep 13
1113.95	1111.91	1115.57	1111.95	1116.74

Base value 1000 (26/10/90).

PARIS closed the monthly account at a year's high. The CAC 40 index ended 5.13 up at 1,885.49, below the day's high of 1,890.65 but up 0.8 per cent on the week. Turnover rose to FFr2.8bn from FFr2.3bn.

Among the active stocks, Saint-Gobain, the glassmaker, gained FFr11.90 to FFr489.90 in 247,020 shares, following the previous day's first-half results. The 40 per cent fall in net profits was in line with expectations.

Club Mediterranée, the leisure and travel group, lost FFr11 or 2.4 per cent to FFr452 after announcing a fall in nine-month sales on Thursday. CSEE, the subject of a takeover tussle, jumped another FFr15 or 7.7 per cent to FFr210. Michelin, the tyremaker which reports interim figures next week, added FFr3.70 or 2.9 per cent to FFr127.60.

FRANKFURT saw extra volume associated with the expiry of DTB options, as turnover rose from DM3.9bn to DM5.8bn. Share prices did little in the end, the FAZ index falling 4.32 to 666.97 at midsession and the DAX by 4.63 to 1,616.07 at the close, down 1.6 and 1.3 per cent respectively on the week.

BASF, one of the big three chemicals heavily weighted in the DAX, fell to DM243 on options-related trading, but closed 90 pfg lower at DM250.

There was more action in carmakers and steels which have been depressed by worries about the IG Metall union's latest wage demands of 10 per cent. BMW, in spite of its model range and management which are regarded as very effective, fell DM5.50 to DM495.50. Mannesmann and Preussag lost DM5.20 to DM262, and DM5.90 to DM370.60.

Porsche recovered DM21 to DM93 after a fall of DM26 on Thursday. Mr Philip Wylie of Salomon Brothers said that sentiment vacillates between the sports car maker's expensive fundamentals, and hopes of a takeover of the family-controlled company, which would value it on its name and its potential. Mr Wylie says a bid could double its worth.

MILAN fell as investors took profits in Generali after its strong rise this week. The Comit index lost 4.84 to 549.83, up 1 per cent on the week, in turnover estimated at L100bn.

Generali, which attracted buying in connection with its L1.7 trillion capital increase on Tuesday, lost L420 to L26,980 at the fixing and then fell to L26,850 after hours.

Stocks controlled by Mr Carlo De Benedetti eased on fears that the group could suffer as a result of the recent share scandal. Olivetti fell L94 to L3,040 and then dropped to L3,010 after hours.

ZURICH was supported by the banks, which rose after CS Holding's news on Thursday of a 77 per cent jump in first half profits. The Crédit Suisse index rose 3.1 to 523.7, but was 1.4 per cent down on the week, Crédit Suisse, the banking subsidiary of CS Holding, said in a stock market report that a substantial economic recovery in Switzerland should not be expected before the spring of next year.

AMSTERDAM was pushed down by options-related selling. The CBS tendency index slipped 0.2 to end at 91.4, down 1 per cent on the week.

Nedlloyd rose 10 cents to Fl 56.40 on hopes that the transport company's fortunes are improving. The stock was also underpinned by news that the Norwegian investor, Mr Torstein Hagen, had increased his stake in the company to 27 per cent from 23 per cent.

But Philips declined 80 cents or 2.2 per cent to Fl 35.40 on worries about its high-definition television project.

STOCKHOLM eased for the third consecutive session as investors waited for the new government to be formed. The Affärsvärlden General index fell 4.8 to 1,071.3, down 1.7 per cent on the week, in turnover of SKr324m after SKr254m.

SOUTH AFRICA

JOHANNESBURG eased in a subdued session ahead of the weekend. The all-gold index fell 10 to 1,135 while the industrial index slipped 18 to 4,177 and the all-share index slid 14 to 3,407. Vaal Reefs fell R3 to R195.

ASIA PACIFIC

Nikkei gives up gains on profit-taking

Tokyo

SHARE PRICES gave up the remainder of this week's gains as dealers and institutional investors took profits ahead of the long weekend, *writes Emiko Terazono in Tokyo.*

The Nikkei average closed 139.57 lower at 23,192.74, up 0.3 per cent on the week, after a morning high of 23,554.91 on firm bond prices, and a low of 23,179.40. The market is closed on Monday for a holiday.

Volume fell to 470m shares from 600m, as declines outnumbered advances by 602 to 405 with 155 unchanged. The Topix index of all first section stocks fell 7.79 to 1,788.02 and, in London, the ISE/Nikkei 50 index lost 4.92 to 1,368.74.

Traders said that some domestic institutions were buyers, after weaker-than-expected GNP figures and sluggish money supply growth announced late on Thursday had raised hopes of a further *fall in short-term* rates.

But Mr Dan Kerrigan at County NatWest said that the market was still sensitive to bad news. Overbought positions in futures contracts and the possibility of an increase in bankruptcies concerned market participants.

Dainippon Ink & Chemicals, the most active stock of the day, fell Y2 to Y633. After heavy buy orders on Thursday on reports that the company had developed a new Aids vaccine, the shares rose further yesterday morning, but then they encountered profit-taking.

Speculative issues, active recently, fell on talk that a leading speculator was selling heavily. Kurabo Industries fell Y10 to Y960, Clarion plunged Y200 to Y1,300 and Nippon Carbon retreated Y450 to Y2,030.

Japan Airlines rose Y10 to Y1,280 on foreign buying. Nippon Telegraph and Telephone (NTT) rose Y3,000 to Y762,000 after an advisory council to the government had urged foreign ownership of NTT shares.

Nisshin Steel fell Y39 to Y515 on reports that the company was projecting a 21 per cent decline in pre-tax profits for the current business year.

Stocks expected to be dropped as components of the Nikkei average next month, because of their low liquidity, lost ground. Matsuzakaya, the department store, fell Y160 to Y1,710 and Katakura Industries lost Y110 to Y1,350.

In Osaka, the OSE average lost 123.51 to 25,779.56 on volume of 161.6m shares.

Roundup

THE PACIFIC Rim put in a mixed performance yesterday. Kuala Lumpur was closed for a holiday.

JAKARTA's single Friday session (other days have two) left the index 4.45 lower at 254.84, 13.7 per cent lower in a week when foreign investors lost hope. Volume was 2.84m shares against 4.6m.

HONG KONG snapped a four-day losing streak that saw the market fall by more than 100 points. The Hang Seng index bounced 46.66 to 3,910.34, but was 1.6 per cent down on the week. Turnover dipped to HK$1.05bn from HK$1.21bn.

MANILA was pulled down by a correction in the oil sector. Oil stocks gained nearly 14 per cent this week on speculative buying related to several offshore drilling projects. The composite index shed 1.73 to 905.28, down 1.5 per cent on the week. Turnover fell to 124.5m pesos from 138.9m pesos.

NEW ZEALAND was supported by Fletcher Challenge, which rose 5 cents to NZ$3.35 after losing 11 per cent in the previous eight sessions. The NZSE-40 index fell 0.54 to 1,402.61, down 0.7 per cent on the week. Turnover dropped to NZ$16.4m from NZ$23.7m.

AUSTRALIA was lifted by better-than-expected fiscal first quarter results from BHP. The stock rose 10 cents to A$13.90. The All Ordinaries index added 4.9 to 1,562.6, but was down 0.3 per cent on the week. Turnover rose to A$262m from A$254m.

SINGAPORE's Straits Times Industrial index finished 6.28 lower at 1,378.55, 2.7 per cent down on the week, in turnover of S$55.6m after S$65.6m. Property shares rose in the wake of government announcements facilitating the sale of state flats to foreigners.

TAIWAN's weighted index gained 59.95 or 1.3 per cent to 4,653.27, up 2.4 per cent on the week on hopes of an interest rate cut. BANGKOK's SET index fell 14.60 to 703.88, down 1.7 per cent on the week. BOMBAY fell on profit-taking ahead of Monday's holiday. The BSE index fell 43.18 to 1,833.44, down 1.6 per cent on the week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY SEPTEMBER 19 1991								WEDNESDAY SEPTEMBER 18 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (70)	150.90	+0.0	129.44	128.25	132.51	125.89	+0.4	4.80	150.98	129.27	128.07	131.99	125.45	151.75	112.74	140.78
Austria (20)	182.11	−0.5	156.20	154.77	159.91	159.61	−0.4	1.77	183.08	156.76	155.31	160.05	160.23	222.37	154.82	197.51
Belgium (47)	129.36	−0.5	110.95	109.93	113.59	111.01	−0.2	5.33	130.03	111.34	110.30	113.67	111.27	151.20	118.04	132.01
Canada (114)	136.20	−0.4	116.82	115.75	119.59	112.14	−0.4	3.38	136.75	117.09	116.00	119.54	112.59	142.27	126.49	130.19
Denmark (37)	254.66	−0.9	218.43	216.44	223.62	225.83	−0.7	1.56	257.04	220.09	218.05	224.71	227.33	270.56	217.74	251.54
Finland (16)	92.17	−1.5	79.06	78.34	80.94	79.30	−1.3	3.04	93.54	80.10	79.36	81.78	80.36	125.15	89.53	108.43
France (109)	142.39	−0.2	122.13	121.01	125.02	128.54	+0.3	3.45	142.70	122.19	121.04	124.74	128.21	152.26	119.11	128.41
Germany (65)	109.99	−1.0	94.34	93.49	96.58	96.58	−0.6	2.33	111.13	95.16	94.28	97.15	97.15	125.35	94.15	111.11
Hong Kong (55)	160.29	−1.1	137.48	136.22	140.76	159.61	−1.1	4.45	162.00	138.71	137.42	141.63	161.34	189.98	119.62	122.02
Ireland (16)	163.35	−0.3	140.11	138.83	143.44	145.35	−0.1	3.44	163.90	140.34	139.04	143.28	145.43	182.46	132.88	143.51
Italy (77)	74.08	+0.0	63.54	62.96	65.05	69.94	+0.6	3.32	74.05	63.41	62.81	64.73	69.54	88.23	64.76	83.22
Japan (474)	131.60	−0.5	112.88	111.85	115.56	111.85	−0.3	0.75	132.24	113.23	112.18	115.62	112.18	146.97	118.23	122.57
Malaysia (68)	197.42	−0.8	169.34	167.78	173.35	209.06	−0.9	2.84	199.11	170.49	168.90	174.06	210.96	247.78	189.18	207.16
Mexico (18)	1193.67	−0.9	1023.85	1014.46	1048.17	3988.37	−0.6	1.34	1204.31	1031.19	1021.62	1052.82	4014.05	1226.36	534.45	509.56
Netherland (31)	140.56	−0.6	120.57	119.46	123.43	122.12	−0.2	4.42	141.42	121.09	119.96	123.63	122.31	145.73	125.70	132.91
New Zealand (14)	46.53	−1.0	39.91	39.55	40.86	42.29	−0.8	7.20	47.01	40.26	39.88	41.10	42.62	54.64	41.18	59.17
Norway (31)	197.17	−0.7	169.12	167.58	173.14	176.90	−0.5	1.59	198.62	170.07	168.49	173.64	177.86	223.24	178.58	264.61
Singapore (38)	192.29	−0.8	164.93	163.42	168.85	150.20	−0.7	2.37	193.84	165.97	164.43	169.45	151.23	208.25	151.63	160.39
South Africa (61)	251.28	−0.2	215.53	213.55	220.64	171.37	−0.2	3.22	251.78	215.58	213.58	220.10	171.71	258.85	173.00	164.78
Spain (53)	155.80	−0.3	133.63	132.41	136.81	125.11	+0.2	4.30	156.23	133.77	132.54	136.58	124.87	171.12	131.51	135.65
Sweden (25)	194.77	−1.1	167.06	165.54	171.04	177.33	−0.9	2.51	196.95	168.63	167.07	172.18	178.87	204.12	146.60	186.77
Switzerland (56)	93.61	−0.5	80.30	79.57	82.21	85.78	+0.1	2.25	94.13	80.59	79.85	82.30	85.69	100.67	82.17	89.46
United Kingdom (240)	179.99	−0.1	154.39	152.96	158.04	154.39	+0.1	4.80	180.17	154.27	152.83	157.49	154.27	187.44	156.27	150.27
USA (527)	157.39	+0.2	134.99	133.76	138.21	157.39	+0.2	3.08	157.00	134.43	133.19	137.26	157.00	161.02	125.95	125.63
Europe (827)	141.79	−0.4	121.62	120.50	124.51	123.64	+0.0	3.88	142.29	121.83	120.70	124.39	123.66	151.52	125.50	129.50
Nordic (109)	188.11	−1.0	161.34	159.87	165.18	162.50	−0.7	2.00	189.99	162.67	161.17	166.09	163.73	200.81	155.55	192.36
Pacific Basin (719)	132.59	−0.5	113.73	112.69	116.43	113.26	−0.3	1.10	133.25	114.09	113.04	116.49	113.60	145.92	117.86	123.09
Euro-Pacific (1546)	136.57	−0.4	117.14	116.06	119.92	118.18	−0.2	2.25	137.17	117.45	116.35	119.91	118.38	147.66	121.29	126.03
North America (641)	156.01	+0.2	133.81	132.60	137.01	154.32	+0.2	3.10	155.68	133.30	132.08	136.12	153.99	159.66	125.91	125.82
Europe Ex. UK (587)	119.10	−0.5	102.16	101.24	104.61	105.97	−0.1	3.17	119.75	102.54	101.60	104.71	106.06	129.90	103.58	116.11
Pacific Ex. Japan (245)	142.32	−0.6	122.07	120.97	124.99	125.20	−0.4	4.37	143.15	122.57	121.45	125.15	125.70	147.60	111.40	128.49
World Ex. US (1737)	138.41	−0.4	118.72	117.64	121.54	119.45	−0.2	2.30	139.01	119.03	117.93	121.53	119.69	148.16	122.32	126.78
World Ex. UK (2024)	140.33	−0.2	120.37	119.27	123.24	129.02	+0.0	2.32	140.60	120.39	119.28	122.93	129.08	145.77	120.06	122.96
World Ex. So. Af. (2203)	143.06	−0.2	122.71	121.60	125.64	131.06	+0.0	2.58	143.33	122.72	121.59	125.31	131.10	148.66	122.92	125.14
World Ex. Japan (1790)	151.59	+0.0	130.03	128.85	133.14	142.12	+0.1	3.43	151.66	129.86	128.67	132.61	142.00	152.83	126.69	128.06
The World Index (2264)	143.78	−0.2	123.32	122.20	126.26	131.41	+0.0	2.59	144.04	123.33	122.19	125.93	131.45	149.01	123.28	125.36

Copyright, The Financial Times Limited, Goldman, Sachs & Co. and County NatWest Securities Limited. 1987
Constituent change with effect 23/9/91: Deletion: Petersville Sleigh (Australia). Latest prices were unavailable for this edition.

LONDON STOCK EXCHANGE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
100¼	99⅛	Exch. 11pc 1991	100¼	+⅛	10.97	10.18
99½	96⅞	Treas. 8pc 1991	99½	.....	8.04	10.11
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Five to Fifteen Years						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
88⅛	80¾	Treas 6¾pc 1995-98‡‡	[illegible]	[illegible]	[illegible]	[illegible]
128⅝	121¾	Treas. 15½pc '98‡‡	[illegible]	[illegible]	[illegible]	[illegible]
111⅞	104⅞	Exch. 12pc 1998	[illegible]	[illegible]	[illegible]	[illegible]
100⅛	92⅛	Treas 9½pc 1999‡‡	[illegible]	[illegible]	[illegible]	[illegible]
113¾	105⅛	Exch. 12¼pc 1999	[illegible]	[illegible]	[illegible]	[illegible]
104⅛	97⅜	Treas. 10½pc 1999	[illegible]	[illegible]	[illegible]	[illegible]
103⅝	95⅛	Conversion 10¼pc 1999	[illegible]	[illegible]	[illegible]	[illegible]
97⅛	89¾	Conversion 9pc 2000‡‡	[illegible]	[illegible]	[illegible]	[illegible]
118⅛	110½	Treas. 13pc 2000	[illegible]	[illegible]	[illegible]	[illegible]
103⅛	94⅝	Treas 10pc 2001	[illegible]	[illegible]	[illegible]	[illegible]
119⅞	113⅜	Treas. 14pc '98-01	[illegible]	[illegible]	[illegible]	[illegible]
101⅛	92⅛	Treas 9¾pc 2002	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
104⅛	94⅝	Treas 10pc 2003	103⅜	+⅛	9.65	9.48
111	102	Treas. 11½pc 2001-04	110⅞	+⅛	10.37	9.73
62⅞	53⅛	Funding 3½pc '99-04	62⅛	+⅛	5.64	8.39
100⅛	90⅛	Conversion 9½pc 2004	100⅛	+⅛	9.48	9.47
100⅛	90⅛	Conversion 9½pc 2005	100⅛	.....	9.47	9.45
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Over Fifteen Years						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Undated						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Index-Linked						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
107⅞	95⅞	African Dv Bk 11¼ Ln 2010	107⅞	+⅛	10.31	10.15
102⅝	91⅞	Asian Dev Bk 10¼pcLn2009	102⅝	+⅛	9.99	9.92
116⅛	105⅛	Int-Am Dev Bk 12¼pc 2003	115⅛	+⅛	10.80	10.11
97⅞	86⅞	Do. 9¾pcLn 2015	97⅞	+⅛	10.01	10.02
125	101	Nat. Mexican State 16½pc 2008	124	.....	13.31	12.96

CORPORATION LOANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LOANS

Building Societies

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Public Board and Ind.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN BONDS & RAILS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on next page

LONDON SHARE SERVICE

AMERICANS

1991 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
33¼	20⅞	Abbott Laboratories‡	30½	.....	$1.00	–	1.9
385p	257p	♥Allegheny & W 1c	267p	.....	30c	–	6.6
10¼	667p	Amdahl 5c	805p	–12	10c	–	0.7
42¼	25¼	Amer. Cyanamid $5	37½	+¼	$1.50	–	2.4
17⅞	9⅞	Amer. Express 60c	15¼	+⅞	92c	–	3.6
24½	15¼	American T & T. $1	22⅛	+¼	$1.32	–	3.5
38¾	32½	Ameritech $1	36¼	+¼	$3.40	–	5.6
26	12⅞	BankAmerica $1⅔	23¼	–⅛	$1.20	–	3.1
35⅝	20⅛	Bankers N.Y. $1	33¼	+⅞	$1.52	–	8.5
30½	24¼	Bell Atlantic $1	28½	+¼	$2.52	–	5.3
31¼	25	BellSouth Corp	28½	+⅞	$2.76	–	5.6
11¼	6⅞	♥Bethlehem Steel $8	10¼	+¼	40c	–	2.3
1839p	1046p	Bowater Inc	1421p	–25	$1.20	–	5.0
54⅛	37¼	CPC Intnl. 25c	50⅞	–¼	$2.00	–	2.3
930p	420p	California Engy	825p	.....	–	–	–
50	28¼	Campbell Soup 15c	44	.....	$1.16	–	1.6
12¼	5⅞	Chase Manhattan $12½	10⅞	–¼	$1.20	–	6.6
9⅞	5½	Chrysler $6¼	6⅛	+¼	60c	–	5.6
10⅛	5⅞	Citicorp $1	8½	.....	$1.00	–	7.0
25	21⅛	Colgate-Palmolive $1	23½	+¼	$1.06	–	2.7
928p	438p	Cont'l Bank Corp $4	631p	–20	60c	–	5.6
21⅛	13⅛	Dana Corp. $1	18	+⅞	$1.60	–	5.3
1199p	203p	Data General	1175p	+33	–	–	–
22¼	12⅞	Dial Crop. $1.5	20¾	+¼	$1.40	–	4.0
29⅛	20¼	Dun & Bradstreet $1	27¼	+¼	$2.16	–	4.7
40	24¼	Eaton Corpn. 50c	36¼	–¼	$2.20	–	–
8½	5½	Echlin Inc	6⅛	.....	70c	–	6.0
20¼	14⅛	FPL Group 1c	18⅞	+¼	$2.40	–	7.5
30⅞	17⅞	Fluor Corp 62½pc	24¼	+⅛	32c	–	0.8
23¼	13½	Ford Motor $1	17½	+¼	$1.60	–	3.4
46⅛	28⅞	Gen. Elect. 63c	40¼	+⅛	$2.04	–	3.0
566p	270p	♥General Host Corp $1	466p	.....	34c	–	4.3
45¼	20⅞	Gillette $1	23⅞	.....	62c	–	1.5
18¼	794p	Hasbro Inc 50c	15½	.....	24c	–	0.9
38½	21¼	Honeywell $1½	30⅞	–¼	$1.50	–	2.9
23¼	17⅞	Houston Inds.‡	22¼	+¼	$2.96	–	7.8
72⅛	55⅛	IBM Corpn $1¼	60⅝	–¼	$4.84	–	4.7
32½	18⅛	Ingersoll-Rand $2	27⅞	.....	$1.32	–	2.8
28¼	16½	Lockheed Crpn. $1	23½	–⅛	$2.00	–	5.1
2155p	1245p	Lowe's 50c	1950p	+100	56c	–	1.7
18¾	9½	Manuf. Hanover $1	16¼	.....	♦$3.28	–	11.6
28¼	10⅛	Merrill Lynch $1	28¼	+⅞	$1.00	–	2.1
33⅞	21⅛	Morgan (JP) $2½	33	+1⅛	$1.98	–	3.5
44¼	25⅞	Morris (Philip)	42⅛	–⅛	$2.10	–	2.9
46¼	34	NYNEX $1	44	–¼	$4.56	–	6.1
89p	15p	♥Pac. Agricultural	15p	.....	–	–	–
23⅛	11⅞	Pall Corp. 25c	22	+½	b44c	–	1.2
46¼	33¼	Pennzoil 83 1/3c	38¼	+⅛	$3.00	–	4.6
40½	24⅞	Quaker Oats $5	33½	–¼	$1.72	–	3.1
41⅞	24⅛	Rep NY Corpn $5	38⅞	+¼	$1.40	–	2.1
17⅞	12¼	Rockwell Intl $1	15⅛	–⅛	86c	–	3.5
25⅛	12⅛	Sears, Roebuck 75c	23½	+⅛	$2.00	–	5.1
34¼	25⅛	Southwestern Bell $1	33½	+⅛	$2.84	–	5.0
20¼	14⅞	Sun Co. Inc. $1	18½	–¼	$1.80	–	5.9
27¼	21¼	Tenneco $5	22¼	.....	$3.20	–	8.1
40½	29⅛	Texaco $6 25	36¼	.....	$3.20	–	5.2
26¼	15⅛	Texas Instr. $1	16¼	–⅞	72c	–	2.6
*64½	37⅞	Time Warner $1	45⅛	+⅛	$1.00	–	1.3
16⅛	8⅞	TRINOVA Corp.	13½	+⅛	68c	–	3.0
530p	250p	♥Unilab	512p	.....	–	–	–
29⅛	22½	Utd. Technologies	26½	–½	$1.80	–	4.0
92p	42p	♥Utilitech Inc	82p	.....	–	–	–
23	18¼	US West‡	21⅛	.....	$2.08	–	5.7
162p	87⅞p	Varity Corp‡	121p	–½	$1.30	–	–
24⅞	16⅝	Waste Management $1	20⅝	–⅛	44c	–	1.3
2200p	1053p	Whirlpool $1	2095p	+6	$1.10	–	3.1
20⅞	13½	♥Woolworth $3½	16⅝	+⅛	$1.08	–	3.8

CANADIANS

1991 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
11p	8½p	♥Abbot Energy Corp	10¼p	.....	–	–	–
1477p	953p	♥Amer Barrick Res.	1230p	.....	8c	–	0.3
19⅛	13	Bk. Montreal ‡	19⅛	+⅛	$2.12	–	5.6

For Varity see Americans

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

For Racal Telecom see Vodafone

ELECTRICITY

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LEISURE

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain your free Share Code Booklet ring 071-925-2128

LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie as a guide only.

FINANCE, LAND, ETC

[illegible]

FINANCE, LAND, ETC—Contd

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

MINES—Contd

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92 N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1	β	640	.....
Finlay Pkg. 5p	β	21	.....
Holt (Jos) 25p	β	1975	.....
Helton Hldgs.	γ	45	.....
IRG.	...	130	.....
United Drug.	...	180	.....

IRISH

Cap. 8½% Ln. 2010	£93¼	–½
9pc Cap Ln. 1996	£98	.....
Fin. 13% 97/02	£114	.....
Arnotts	209	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	68
BOC Grp	31
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons.	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	88
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd	39
ICI	80
Ladbroke	22
Legal & Gen	36
Lex Service	28
Lloyds Bank	30
Lucas Inds.	13
Marks & Spencer	21
Midland Bk.	18
Nat West Bk.	27
P & O Dfd	51
Racal Elect.	18
RHM	28
Rank Org Ord.	63
Ratners	17
Reed Intnl	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	60
Vickers	19
Wellcome	48

Property

Brit Land	38
Control Secs.	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils

Aviva Petlm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	10
Gaelic Res.	1
Premier	6
Shell	41
Tuskar Res.	2
Ultramar	30

Mines

Lonrho	21
RTZ	48

FINANCIAL TIMES
Weekend September 21/September 22 1991

Tories try to shift attention from dispute over inner cities

By **Ivo Dawnay**, Political Correspondent

THE Tory leadership yesterday ended a hectic week of pre-election manoeuvring by trying to shift the spotlight away from Archbishop George Carey's controversial remarks on inner-city poverty and back to Labour's competence to run the economy.

Mr Chris Patten, the Conservative chairman, used the launch of the party's conference agenda to claim that socialism was a "clapped out, washed out" dogma.

His officials, meanwhile, were issuing a broadside against Labour's economic policy for threatening to burden business with red tape.

Tory Central Office dismissed the row with the Archbishop of Canterbury as a storm in a tea cup.

In spite of this Mr John Major, the prime minister, stepped into the dispute by insisting that not all rioters were from deprived backgrounds.

The controversy over the Archbishop's view that the recent Newcastle upon Tyne riots were linked to "social deprivation, poor housing and illiteracy" was escalated by ministers and church leaders in a series of statements and interviews.

Labour leaders appeared content to leave criticism of the government's record on inner cities to the churchmen and, instead, welcomed a return to the battle over the economy.

Brushing aside the red-tape attack on its supply-side policies as "an old Tory tale", Mr John Smith, the shadow chancellor, rounded on the government for both squandering North Sea oil revenues and failing to stimulate manufacturing investment.

"What we want is macro-economic stability and strong supply side support for industry from the government," he said, adding that speculation over the election date was adding to businesses problems by creating a climate of uncertainty.

Mr Smith's renewed call for an early election brought a week of frenetic electioneering and political shifts full circle.

Yesterday there were eight political photocalls to add to numerous others in a week that included more than a dozen press conferences, a Tory party political broadcast and both major parties launching nationwide poster campaigns.

The fevered atmosphere began last weekend after polls showed the Conservatives surging four and five points ahead of Labour. It was swiftly followed by an upbeat shadow cabinet strategy meeting where Mr Neil Kinnock, the Labour leader, laughed off a wave of personal attacks on his leadership with a challenge to Mr John Major to "cut and run."

Attention is now focused on an opinion poll, due to appear in the Sunday Times tomorrow.

Politics, Page 4
Editorial comment, Page 6

West Bank chief reports progress at Baker talks

By **Tony Walker** in Cairo and **Hugh Carnegy** in Jerusalem

MR JAMES Baker, US secretary of state, flew home yesterday after his seventh Middle East mission since the Gulf war, hopeful but by no means certain that Arabs and Israelis will attend next month's proposed peace conference.

He will have been encouraged by an opinion poll showing that more than half of Israel's voters would support a freeze on Jewish settlements in the occupied territories in return for US financial aid for Soviet Jewish immigration.

The poll found that 57 per cent of Israelis favoured complying if Washington insisted on making US guarantees for $10bn in loans conditional on a freeze.

Israel's government, however, continues to defy its Arab enemies and its western allies by building settlements.

It emerged yesterday that hundreds of Ethiopian Jews are to be housed in the Arab eastern half of Jerusalem, and a Jewish settlement straddling the border between Israel and the occupied West Bank is also due to be founded this month.

A Palestinian leader said she had made progress in hastily arranged talks with Mr Baker in Amman yesterday about proposals for Palestinian participation in the Middle East peace conference.

However, Mrs Hanan Ashrawi, a university professor in the West Bank, added that more work was needed before the US formula would be acceptable to Palestinians.

The Palestine Liberation Organisation, which sanctioned the meeting, is seeking explicit US endorsement of Palestinian demands for self-determination, a halt to Jewish settlements in the occupied territories and an affirmation that the Israeli annexation of east Jerusalem be addressed at the proposed conference.

Mrs Ashrawi delivered a letter from Mr Yassir Arafat, PLO chairman, to Mr Baker containing these three demands.

Mrs Ashrawi's presence in Amman was seen as an indication that the PLO may be willing to sanction the participation of Palestinians from the Israeli-occupied territories in a joint Jordanian-Palestinian delegation. Mr Baker has been urging this formula as a way around Israeli objections to direct dealings with the PLO. After her one hour meeting with Mr Baker, Mrs Ashrawi told reporters: "I can say there was some progress but not sufficient progress . . . we will have to work some more."

She said the talks had been at Mr Arafat's behest and this was "further proof of the PLO's serious intent to push the peace process forward".

At his Tunis headquarters Mr Arafat and his advisers have been involved in intense discussions on Mr Baker's proposals for Palestinian attendance at the conference.

The PLO fears that by allowing the meeting to go forward without its direct participation it will be undermining its own position and weakening Palestinian demands for self determination. The PLO leadership is under pressure to resolve its differences on these issues in time for a meeting of the Palestinian "parliament", the Palestine National Council, in Algiers next week.

After his meeting with Mrs Ashrawi, Mr Baker travelled to Damascus for further talks with Syrian officials before leaving for home.

Hope fading: a downcast Sunnie Mann, wife of hostage Jackie Mann, leaves the British Embassy in Beirut

Brittan moves on De Havilland merger

By **David Buchan** in Brussels and **Bernard Simon** in Toronto

SIR Leon Brittan, the EC Competition Commissioner, is proposing to block a French-Italian takeover of De Havilland, the Canadian aircraft maker, in what would be Brussels's first outright rejection of a merger since it got sweeping anti-trust powers a year ago.

Sir Leon, who argues that letting Aérospatiale of France and Alenia of Italy take control of De Havilland would give them a near-monopoly of the EC market for small commuter aircraft, must first win the backing of a majority of his 16 fellow commissioners.

Aerospatiale and Alenia and De Havilland rank first and second, respectively, in the EC commuter aircraft market.

Many of the commissioners are expected to oppose any rejection of a merger, which they argue will prevent a European group establishing a bridgehead in North America.

The proposal to block the takeover was last night circulated to an advisory committee of the EC. Sir Leon is not bound to heed this body's advice and the real battle will be within in the EC executive, which must rule by October 14.

The scrutiny of the bid to buy De Havilland from current owner Boeing followed objections from rival EC companies – chiefly British Aerospace and Fokker of the Netherlands.

Much of the wrangle will turn on the nature of the market. Sir Leon's staff argue the market is Europe, and the product range is the 40-70 seat commuter aircraft. Aérospatiale and Alenia contend that a broader view encompasses aircraft of greater capacity, and that the acquisition of De Havilland would not give them a dominant position.

Some Commissioners, probably including Mr Jacques Delors, the president, will argue that Brussels should not shackle EC companies in such a world competitive market.

Brussels has let several mergers go ahead over the past year, by requiring selective divestitures. But this is not considered possible in the case of De Havilland, which has so narrow a product range.

Isosceles directors resign 'by mutual agreement'

By **Peggy Hollinger** and **Guy de Jonquières**

MR DAVID SMITH, who in 1989 led Isosceles in the £2.1bn hostile battle for Gateway supermarket chain, Britain's biggest leveraged buy-out, yesterday resigned as chief executive of the vehicle with which he engineered the takeover.

Ms Elizabeth Hignell, Isosceles' company secretary and finance director, has also left the company.

It is believed that Mr Smith and Ms Hignell left the heavily indebted private company with pay-offs of about £780,000 and £520,000 respectively.

Mr Smith will be succeeded by Mr Alistair Mitchell-Innes, currently a non-executive director and former chief executive of Nabisco in the UK. Mr Bob Willett, chief executive of Gateway Foodmarkets, Isosceles' main trading subsidiary, will take Ms Hignell's place.

The news led to further falls in the share prices of food retailers. Last week Asda, another debt-laden supermarket group which has been without a chief executive since June, issued a profits warning, while other groups have reported slower sales growth.

Mr Ernest Sharp, Isosceles chairman, said the two executives had left by mutual agreement. "Isosceles is moving from a financial engineering phase into its operational phase," he said.

Relations between the two directors and Isosceles' 40 per cent shareholder – the US mergers and acquisitions specialist, Wasserstein Perella – are believed to have become strained. Mr Smith and Ms Hignell were believed to be pressing for capital investment which Wasserstein was not prepared to back.

Mr Smith's lack of retail experience – he was formerly a partner at accountants Arthur Young – was also understood to concern many of the group's shareholders, which include A&P, the US supermarket chain.

Mr Smith and Ms Hignell were unavailable yesterday and Wasserstein Perella declined to comment. Isosceles accounts for about a third of Wasserstein Perella's investment portfolio.

Mr Smith, who advised Budgens on its abortive bid for Gateway in 1988, put together the Isosceles consortium specifically to acquire the supermarket chain the following year. The battle lasted three months, with both Wasserstein Perella and A&P backing a rival consortium, Newgateway. Their stakes are a direct result of that battle, although A&P's holding fell from 20 per cent to less than 8 per cent after a refinancing of Isosceles earlier this year.

Isosceles is still burdened with the £1.2bn debt from the takeover. Plans to sell the loss-making US sports goods subsidiary, Herman's, and several stores to repay the debt have been scuppered by recession, while Gateway has struggled to survive in a fiercely competitive market.

In the year to April 27, Isosceles made pre-tax profits of £3.6m, after losses of £33.2m the previous year. However, after financing costs and write-offs, the retained loss was £21.2m, compared with a deficit of £38.5m.

THE LEX COLUMN

BTR picks its victim

Given the public way in which BTR has been searching for a bid target, it would have been reasonable to expect its share price to take off when it finally settled on Hawker Siddeley. The fact that its shares actually fell 3 per cent suggests the market is having trouble following the logic of BTR's choice. There is also a natural fear that BTR might end up overpaying. Since it can ill afford to fail, it is natural for Hawker investors to hold out for more.

The question is how far BTR will be able to go without risking considerable dilution in its own earnings. Yesterday's bid price already looks on the high side for a recession-bound company with a poor earnings outlook. To prevent its own earnings being diluted, BTR would have to find a way of squeezing at least £40m of extra pre-tax profit out of Hawker next year, and possibly quite a lot more.

Admittedly, BTR has given itself considerable latitude in accounting terms following its recent decision to include profits on disposals above the line. The bid also involves a hefty dose of goodwill, given Hawker's net asset value of 390p per share against a paper offer of 727p at yesterday's closing prices. Although that would contribute to gearing on BTR's part of over 70 per cent, it would also leave more scope for profits on disposals from the Hawker stable. On top come all the normal acquisition accounting benefits such as restructuring provisions and the non-consolidation of loss-making operations on the basis that they are scheduled to be discontinued.

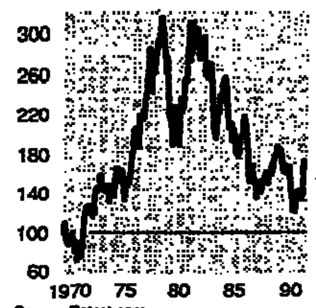
This should go a long way towards preventing the acquisition being dilutive at the current price. The danger would come from BTR having to increase its offer significantly. Its argument that there is mileage for margin improvement through capital spending to reduce costs is not wholly convincing. There is no evidence that Hawker's current management has starved its operating units of capital investment, and the company is, though belatedly, in the middle of a restructuring programme which has been confounded by the recession. The background of exceptionally poor markets would remain whoever owned the company. Arguably, BTR would have to be more aggressive in closing down loss-making plants than Hawker has been.

In every other respect, Hawker looks stuck with a distinctly lame defence. The bid was timed to take advantage of an interim statement in which Hawker was candid about the grimness of its own trading prospects. It can hardly suddenly discover that it has a rosy future. The best hope must be the arrival of a second bidder who would at least force BTR to increase its offer. There is no sign of that yet. In any case, the chief beneficiaries of an auction would be Hawker shareholders, who have already been offered an exit at a price higher than they deserve.

FT-SE Index: 2,600.3 (+11.6)

Hawker Siddeley

Share price relative to the FT-A All-Share Index



Source: Datastream

Markets

It might seem a damning indication of the UK market's state of mind that in a week which saw bids worth over £2.5bn, the FT-SE ended up 25 points lower than it started. But there are extenuating circumstances. Of the £2.5bn, less than £1bn represents a cash injection into the market, the rest being paper. And though bid fever is plainly in the air – as witnessed by the 7 per cent jump in the Allied-Lyons share price yesterday – each of the week's three bids was in some sense a special case. Hanson's bid for Beazer was designed to pre-empt an imminent demerger and Williams' bid for Racal Electronics was to exploit a demerger which had just happened. The BTR bid for Hawker Siddeley, while contemplated for some months, was timed to take advantage of Hawker's gloomy interim statement.

It is nevertheless undeniable that the bid phase of the economic cycle has been reached. It might seem perverse that it should come when the market is at new heights, but that is the nature of the game. Fund managers can move in at an early stage of the recovery because they are diversifying their risks across equities as a class. Industrialists, some of whom are quite unsure where their own businesses are going, let alone those that might be bid targets, need clearer evidence of the upturn before they can undertake the much greater risk of putting all their money into a single stock. So far, the action is at the gamier end of the market, with the conglomerates doing the running. The more conventional kind of bidder cannot be far behind.

Sun Life

It would be wrong to say that Union des Assurances de Paris and Liberty Life have taken control of Sun Life; if only they could agree, they already had it. Yesterday's deal appears simply to formalise the ever cosier relationship between the two largest shareholders in the plucky life assurance company, although Liberty is doubtless grateful for the £122m cash UAP is paying into its Transatlantic investment vehicle; Transatlantic is fresh from underwriting Capital & Counties' rights issue.

By buying the Sun Alliance stake and offering to buy the remaining minority shares, UAP and Liberty will at least tidy up one of the sector's messier ownership structures. Thanks in part to Sun Alliance's desire to sell, they are able to offer to do so on the cheap. Arguably, the £11.60 price undervalues the assurer's dividend growth prospects, which are on the market average. Based on other insurance yardsticks such as embedded and appraisal values, the offer is also pitched well below the fundamental value of the shares. If nothing else, it all highlights the dangers of being a minority shareholder.

Isosceles

First Asda, now Gateway. The departure of Mr David Smith from Isosceles, the vehicle for the Gateway buy-out, creates the bizarre situation in which two of the UK's biggest grocery chains have lost their chief executives. The upheaval immediately calls in question the notion that Gateway is eking out a better living than Asda by avoiding direct competition with Tesco and Sainsbury. It must also ring alarm bells for investors in Wasserstein Perella, whose investment in Gateway is by far its largest single commitment. The prospect of a Gateway flotation looks more remote by the day.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Heidelb Zem	1010	+	30
Porsche	693	+	21
Falls			
Douglas Hldg	720	–	10
Ind Werke	306	–	11
Kali & Salz	163	–	3
Mannesmann	262	–	5.2
New York ($)			
Rises			
American Home	71 7/8	+	3 1/4
Bank of Boston	10 7/8	+	5/8
First Union Co	27 3/8	+	1 1/2
Genetics Inst	39 1/4	+	1 3/8
Shamut Nat	10 7/8	+	1/8
Falls			
Cincinnati Mil	11 1/8	-	1
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
Cr Fonc France	1139	+	28
GTM Entrepose	423	+	11
Printemps (Au)	878	+	23
Redoute	4570	+	120
Saint Gobain	489.9	+	11.9
Falls			
Club Med	452	–	11
Tokyo (Yen)			
Rises			
Olympic	620	+	59
Falls			
Clarion	1300	–	200
Honshu Paper	860	–	120
Janome Sewing	592	–	100
Nippon Carbon	2030	–	450
Yuasa Trading	325	–	66
London (Pence)			
Rises			
ASDA	70	+	7
Allied-Lyons	647	+	43
Anglia TV	194	+	12
Brent Walker	16 3/4	+	2 1/2
Crown Eyeglass	158	+	26
Gestetner	208	+	9
Goal Pet	61	+	6
Halstead (J)	354	+	15
Hawker Sidd	758	+	118
Logica	225	+	9
News Intl	180	+	10
Portsmth&Sund	345	+	37
Thorn EMI	815	+	17
Usher (Frank)	50	+	16
Falls			
BTR	410	–	13
Costain	108	–	7
Douglas (RM)	508	–	12
Huntingdon	215	–	53
Ransomes	42	–	5
Ratners	124	–	6
Tarmac	211	–	8
Tilbury	658	–	25
Vivat	47	–	14

BTR's £1.5bn hostile bid

Continued from Page 1

tured.

In particular it failed to take advantage of buoyant market conditions in the mid-1980s as manufacturing industry recovered from recession.

The company's present product range covers virtually the whole electrical engineering market - from small electric motors to instruments and controls, heavy electrical supply equipment and locomotives.

Analysts were divided yesterday on whether Hawker was BTR's kind of business and whether the bidder had offered enough. Mr Adam Page, an analyst at County NatWest, said the bid price "looks like a clincher".

But BTR's share price slipped 13p to 410p, suggesting shareholders might hold out for more or expect a third party to enter the fray either as a hostile bidder or as a friendly "white knight".

Mr Jackson said he had started looking at Hawker Siddeley as a potential target in March when he became chief executive.

Teachers' pay review

Continued from Page 1

"full of industrialists and lacking any employee or teacher experience".

Mr Kenneth Clarke, education secretary, yesterday published the remit of the review body, whose first report covering teachers' pay for the year beginning next April 1 should be published before the end of January.

He repeated the government's desire for a much greater element of teachers' pay to be in the form of discretionary performance-related pay. He also asked the body to look at ways of targeting additional pay allowances on areas and subjects suffering problems in recruitment and retention of teachers.

The second largest teachers' union, the Assistant Masters and Mistresses Association, said that the review body would discover performance pay was only attractive in theory and caused intractable problems in practice.

WORLDWIDE WEATHER

UK today: A dry morning with some sunshine over England and Wales after early mist has cleared, but cloud and rain will reach all but southern regions by the end of the day. Generally cloudy and rainy over Scotland and N Ireland. Temperatures a little above normal. **Outlook:** Bright and showery.

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	27	81	Bordeaux	F	27	81	Dallas †	C	12	54	Innsbruck	R	20	68
Algiers	S	34	93	Boulogne	S	30	86	Dublin	C	15	59	Inverness	C	16	61
Amsterdam	F	17	63	Bristol	S	18	64	Dubrovnik	S	24	75	Isle of Man	C	15	59
Athens	S	25	77	Brussels	S	19	66	Edinburgh	F	16	61	Istanbul	R	18	64
Bahrain	S	34	93	Budapest	S	23	73	Faro	F	26	79	Jersey	S	19	66
Barcelona	S	27	81	Buenos Aires		–	–	Florence	S	27	81	Johannesburg	C	21	70
Belfast	C	15	59	Cairo	F	30	86	Frankfurt	S	20	68	Las Palmas	C	26	79
Belgrade	S	24	75	Cape Town	S	16	61	Geneva	S	21	70	Leeds	S	18	64
Berlin	F	17	63	Cardiff	S	18	64	Gibraltar	S	25	77	Lisbon	F	28	82
Biarritz	S	25	77	Chicago †	S	2	36	Glasgow	C	15	59	Locarno	C	24	75
Birmingham	F	16	61	Cologne	S	18	64	Guernsey	S	17	63	London	F	19	66
Blackpool	S	17	63	Copenhagen	S	16	61	Helsinki	C	13	55	Los Angeles †	Fg	16	61
Bombay	F	29	84	Corfu	S	26	79	Hong Kong	S	32	90	Luxembourg	C	18	64

		°C	°F			°C	°F			°C	°F			°C	°F
Madeira	F	25	77	Nairobi	S	27	81	Prague	C	16	61	Tangier	F	27	81
Madrid	F	29	84	Naples	S	28	82	Reykjavik	C	11	52	Tel Aviv	F	28	82
Majorca	S	29	84	Nassau		–	–	Rhodes	S	25	77	Tenerife	S	28	82
Malaga	S	29	84	Newcastle	F	17	63	Rio de Janeiro		–	–	Tokyo	F	21	70
Malta	F	28	82	New Delhi	S	34	94	Rome	S	26	79	Toronto †	S	7	45
Manchester	S	17	63	New York †	S	13	55	Salzburg	F	19	66	Tunis	S	29	84
Melbourne	F	13	55	Nice	S	26	79	S'Francisco †	C	14	57	Valencia	S	27	81
Mexico City		–	–	Nicosia	S	25	77	Santiago		–	–	Venice	F	24	75
Miami †	S	27	81	Oporto	S	24	75	Seoul	F	20	68	Vienna	S	21	70
Milan	C	24	75	Oslo	S	17	63	Singapore	F	30	86	Warsaw	F	16	61
Montreal †	S	5	41	Paris	S	21	70	Stockholm	S	16	61	Washington †	S	13	55
Moscow	C	8	46	Peking	S	24	75	Strasbourg	S	20	68	Wellington	S	14	57
Munich	R	16	61	Perth	F	18	64	Sydney	S	18	64	Zurich	F	19	66

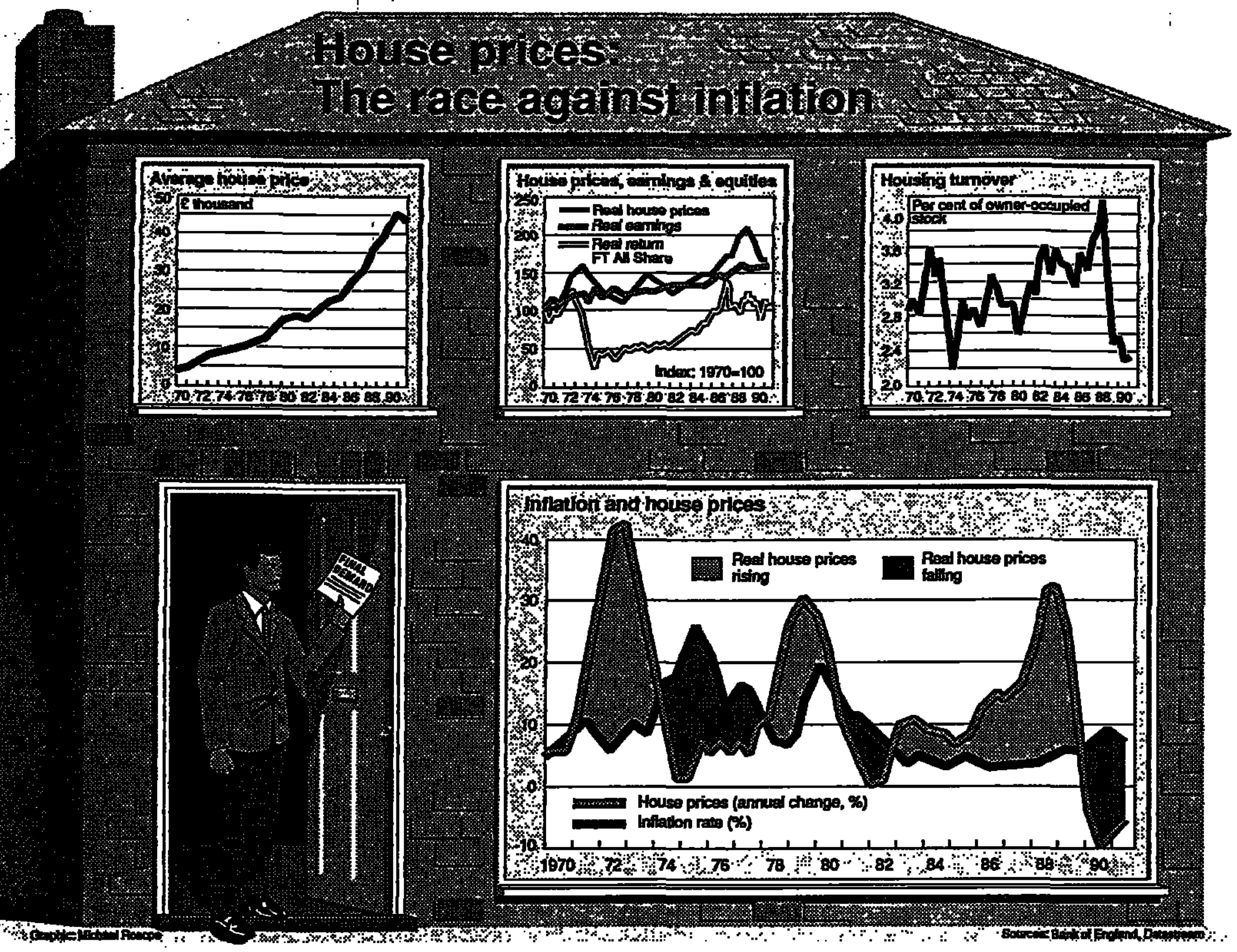
Temperatures at midday yesterday † Noon GMT temperatures C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

Registered at the post office. Printed by St. Clements Press for and published by The Financial Times Ltd., Number One Southwark Bridge, London SE1 9HL. © The Financial Times Ltd, 1991. "Reproduction of the contents of the newspaper in any manner is not permitted without prior consent of the publisher. "FINANCIAL TIMES", "FT", "FT ORDINARY SHARE INDEX", "FT-ACTUARIES SHARE INDICES", "FT-ACTUARIES WORLD INDICES", and "FINSTAT" are all Trade Marks and Service Marks of The Financial Times Group.

Weekend FT
SECTION II
Weekend September 21/September 22 1991

Why British homeowners have been slow to recognise the decline of the residential property market

A grand illusion slowly fades away



Graphic: Michael Roscoe

Sources: Bank of England, Datastream

AN Englishman's house seems often to be not so much his castle as his goldmine. It is also his principal conversation piece. The ups and downs of house prices, the difficulty or ease of selling and buying, these are constant concerns.

One reason for the attention is the importance of the *housing market: at the end* of 1989, 15.1m owner-occupiers in Great Britain experienced the joys and the traumas of a home of their own, while 67 per cent of housing was in owner occupation. Allowing for mortgage debt, net personal wealth in housing was £840bn, almost 40 per cent of total personal wealth. The government may have failed in its attempts to make the UK a "share owning" society; the opposite is the case for home ownership.

The housing market is more than important. It is a source of joy and of anguish. Thrice in the last 20 years did increases in the prices of houses make people richer on paper than they had dreamed; thrice did the eager first-time buyer rush to the market only to suffer the immediate agony of gazumping and the longer term suffering of declining real wealth; thrice did the housing market crash.

Over the long term, however, housing has been a "nice little earner". The trend increase in the real price of houses in the 1970s and 1980s was 2.2 per cent a year. Over the same period average real earnings rose at a trend rate of 1.7 per cent. The difference is not large. House prices have not increased much faster than average earnings over the decades, though they have from year to year.

That this relationship exists *does not demonstrate that* demand determines house prices in the long run. With new private housing being constructed at a normal rate of around 150,000 a year, prices are also heavily influenced by the costs of additional supply. Those costs are themselves largely determined by the prices of land and of labour. Since land is scarce and its availability for building is tightly limited by planning controls, the long term tendency for the price of land to rise offsets what have been limited increases in productivity in housing construction. Real earnings are important as an index of cost, therefore, not just as a source of demand.

On the demand side, the tendency for house prices to rise in relation to earnings can be explained by the greater participation of women in the labour force since the beginning of the 1970s, which has boosted average household earnings. Another explanation has been the growing number of house purchases by multiple borrowers, especially in the south.

Subsidies to *owner-occupation via mortgage* interest relief and, more importantly, the absence of taxation of the imputed rental income in owner-occupation raise the demand for that form of tenure and probably for housing in general. A property-based tax, like the old rates and the new council tax, lowers demand for housing. But too much attention is paid to the *existence* of these subsidies and taxes. What matters for the movement of house prices is their *changes*.

Capitalised at current long term interest rates, the £8bn dispensed by the Treasury on mortgage interest relief might

Martin Wolf analyses the economic background

be worth £80bn in higher house prices. This is less than 10 per cent of the value of the residential housing stock. More importantly, the significance of this subsidy at the margin is dwindling as tax rates fall, the £30,000 ceiling declines steadily in real value and, after the last budget, as relief against higher rates of tax is withdrawn. This particular tax relief may have raised house prices, but recently it *has lowered house price* inflation, just as the abolition of rates raised it.

In addition to the rise in the real price of housing over time, the past two decades have witnessed three huge cycles.

Their pattern is clear: at the trough of the cycle, usually coincident with a recession, transactions are few and a large backlog of unsold and, at present, of repossessed houses overhangs the markets. But interest rates fall in a recession, as do house prices in relation to household earnings, whether because of earnings inflation, house price deflation or, as is true at the moment, of both. As the cost of housing falls, first-time buyers enter the market. At first, it becomes more active rather than more expensive, as desperate vendors try to dispose of the houses they have wanted to sell for years. As the market strengthens, more people try to buy and prices start to rise. Often many years after the trough of the cycle, house prices start to bubble. Finally, the economy overheats, the monetary brakes go on and, in due course, the market collapses.

In a market that can go from bankruptcy to bubble and back in a few years, timing matters. People who bought their houses in the third quarter of 1973 and sold them in early 1991 would, on average, find their overall real gain was a negligible 2½ per cent. But if they bought in early 1970 and sold in mid-1989 the real gain would have been a highly satisfactory 109 per cent.

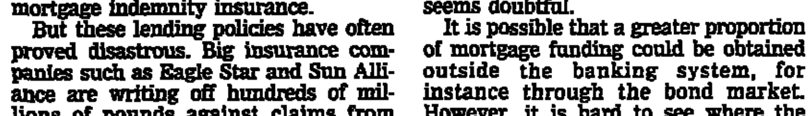
If one has the luxury of timing, the rule to follow is to sell when the number of transactions is peaking and buy (at a discount) when the number of transactions has crashed.

Transactions increase not merely when prices rise, but because they are rising. Fearful of losing out on that bargain of a lifetime and aware of the gains enjoyed by their peers, first-time buyers rush in at the top of the market, allowing established home owners to buy their dream houses. When prices fall, however, buyers decide to wait and sellers hang on for the prices of yesterday.

Although often blamed, credit liberalisation can hardly be the culprit for the latest cycle since its shape was quite similar to those of the 1970s. Where this cycle has been unusual is not in its origin but in its *dénouement*. For the first time, the solution to the travails of the housing market has not been inflation. Real *interest rates have remained* high and the decline in the real price of housing has been brought about by falling nominal prices, as much as by inflation. But falling nominal prices have, again for the first time, given many recent purchasers negative net worth in their houses.

The question for today and still more for tomorrow is whether the shock of living in a world in which lending has proved more profitable than borrowing has changed the British housing market forever. With sterling's entry into the low inflation world of the exchange rate mechanism as well, houses may become nice little earners again, but the days of the boom and bust cycle should be gone forever.

Optimistic forecasts from mortgage lenders and housebuilders should be treated with the greatest scepticism, says Barry Riley



■ Winners and losers in the property sectors: Page VII ■ How housing policy has changed: Page VIII ■ The high cost of the second homes market: Page VIII ■ The international perspective: Page IX

I*F ONLY* there had been a proper house price crash in 1988 we would now be in a much healthier market. As it is, three years after prices peaked in the south of the country, Britain's residential property market has yet to regain its balance. The financial foundations of Thatcherism's property-owning democracy are still suffering from subsidence.

During the spring it looked as though property prices were starting a modest recovery. The building societies were talking with guarded optimism about what might happen if mortgage rates were to come down. Well, the average cost of borrowing dipped from 14.3 per cent at the start of the year to 12 per cent by July, but both Halifax and Nationwide building societies reported that house prices fell in August. However, this month mortgage rates have fallen again, to about 11.5 per cent.

In a crash, financial assets typically tumble in price by a third or more. It happens when a speculative boom, usually based on credit, abruptly runs out of steam. The stock market collapsed in 1987, rather than 1988, because the timing was dictated by events in the US; equities forming a global market. The UK residential property market is entirely domestic, however, and its bull market did not peak until the summer of 1988, influenced by factors such as the 5 per cent economic growth, and the rush to beat the deadline for multiple interest tax relief on a single property.

Moreover, there are strong regional differences in the housing market. Although London and the south east were badly hit, taking closely-linked areas such as East Anglia and the south coast retirement counties with them, prices in Scotland continued to climb strongly until early this year.

Property prices in the UK do not collapse quickly, even in the worst circumstances; or perhaps more accurately, home owners will not recognise a price collapse even when it has happened. This is because there is no market making mechanism as there is in shares. Moreover, people cannot simply rent instead of buying, because the rental sector is tiny and unattractive. So there is always a nibble of first-time buyers at the cheap end of the market.

For more expensive houses it is different, and the market can simply freeze. Transactions across the market fell by more than 40 per cent between 1988 and 1990, a crisis experienced disproportionately at the pricier end. There are no reliable statistics here, but anecdotal evidence abounds of price drops of 25 per cent or more in fancier London streets. In Dulwich the Thatchers themselves have cut £80,000 off the asking price for their redundant neo-Georgian Barratt home, but are still demanding nearly 50 per cent more than the £400,000 they paid in 1985. In this sector, buyers and sellers still have to come together again and talk the same financial language.

At what level, and when, will they do so? The best measure of value in housing is the ratio of the average price to the earnings of the average borrower. Because mortgage providers base their individual lending decisions largely on the income of the applicant, this is a key measure of affordability. A ratio between 3.0 and 3.5 can be regarded as normal over the long run. When the ratio climbs above 4, as it did in the early 1970s and again in the late 1980s, the warning lights begin to flash red.

In the late 1980s, when lenders responded to increased competition by relaxing their lending criteria, it was commonly argued that the ratio would shift permanently higher. Second incomes in a household were more liberally taken into account, and loans of 95 per cent of valuation (sometimes 100 per cent) were advanced, backed by mortgage indemnity insurance.

But these lending policies have often proved disastrous. Big insurance companies such as Eagle Star and Sun Alliance are writing off hundreds of millions of pounds against claims from banks and building societies in respect of loans that have gone bad. Repossessions have soared to unprecedented levels. Cautious lending is the rule again.

It is logical, therefore, to expect the price/earnings ratio to slip back to historical levels. The ratio has fallen from its peak, but it is still probably about 4. And the problem is that there is little chance that surging earnings can bring early relief.

In the past, rapid inflation has brought the ratio down quickly at times of crisis for the housing market, but the UK is now locked into the European exchange rate mechanism. With the economy deep in recession (it has contracted by 2 per cent or more over the past twelve months) and unemployment still climbing rapidly it is unlikely that average earnings will increase by more than about 6 per cent over the next year. If the house price to earnings ratio is to come down below 3.5 at all quickly there will have to be a further downward adjustment in property values. Alternatively, stagnation will persist for several more years.

There is also a big question mark over the availability of credit in the future. At the peak in 1988 new loans, net of repayments, of some £3.5bn each month were being pumped into the housing market. About £1.5bn a month came straight out again, in the form of "equity withdrawal", fuelling consumer spending in a way that gravely troubled the Bank of England. It was a primary cause of excess demand and inflation.

At present the average mortgage loan being advanced is £45,000, which is about two-thirds of the average house price. *But the average existing loan is* much smaller, about £19,000. There is a gap of typically some £26,000 per dwelling to be financed each time a property changes hands. To keep the market ticking over at its present depressed level of just over 1m mortgage-financed deals a year requires net new money of near £2.5bn a month. But to finance the higher activity – say, 1.5m transactions a year – that are associated with rising prices would require more like £3.5bn a month, climbing quite fast as values rose.

Could this money be made available within the framework of the ERM? It seems doubtful.

It is possible that a greater proportion of mortgage funding could be obtained outside the banking system, for instance through the bond market. However, it is hard to see where the money could come from to finance another house price boom. Even if it could be raised, alarm bells would ring at the Bank of England.

Robin Leigh-Pemberton, the governor, has warned somewhat vaguely that the authorities would have to step in to head off any future surge in prices. According to a Bank of England paper published last April, interest rates would be swiftly raised. If that were not possible, there would have to be "an examination of other measures".

Existing owner occupiers who tried to extract cash by taking out a bigger than necessary mortgage on their next home would become the primary target of any new credit controls. How this could work is anybody's guess. In any case, a large part of the equity withdrawal problem arises from trading down by the elderly and, eventually, from inheritance and sale of deceased parents' homes by their children. So although cunning credit controls might serve to stretch a limited amount of mortgage money a bit further, and thus help to sustain house prices, they do not seem *to be a comprehensive answer.*

The big problem at the moment is that the housing ladder has some broken rungs. Those at the bottom traditionally hope that their rising earnings and the increasing amount of equity in their existing home, as prices rise, will make it possible to move to a smarter district or a bigger property.

Unfortunately, too many people who have bought property in the past three or four years have seen no financial gain. In the south east, the price indices are down about 14 per cent since the *peak (and if you take into account* cumulative retail price inflation of 24 per cent over the past three years the decline in real terms is about 30 per cent). Too many have also seen their equity eroded by low start mortgages and other devices which have served to add to their debt.

Decades of inflation have created the assumption that the home buyer can never borrow too much. His mortgage has come to seem almost an asset rather than a liability. But many people, especially the young, have now been caught in a cruel trap. Financial wisdom has to change.

The consequences of positive real interest rates are slowly beginning to sink in. Overborrowed home owners are not helped by the passage of time, instead debt piles up on the basis of compound interest. Still, there has been *some improvement in recent months.* Whereas the average buyer in February 1990 was paying out a peak of 44 per cent of his earnings to service the new mortgage, 18 months later the proportion has eased to about 32 per cent. But it will have to fall to below 25 per cent, where it hovered in the mid-1980s, before this "affordability" factor becomes favourable, and even then people may take a considerable time to recover their confidence.

Political factors are intriguing. Traditionally all governments, especially Conservative governments, have displayed overwhelming commitment to home ownership. But at 68 per cent of the housing stock, against 55 per cent in 1979, owner occupation may not have much further to go. The abandonment of higher rate interest relief last March was a symbol of how the departure of Thatcher had changed the climate. More attention is now being paid to encouraging the growth of the rented housing stock.

Once, rising house prices were seen – almost without qualification – as a good thing. But the inflation of the late 1960s gave the politicians and the Treasury mandarins a nasty shock. If sterling is locked in position against Continental currencies, high UK housing costs will damage competitiveness. After the next general election there may be further modifications to the tax rules which still pamper the home owner, but there is unlikely to be a whisper of them in any party manifesto. There is no mileage in frightening 68 per cent of the British electorate.

It has been a period of long-drawn-out agony for the house market. The crash in shares four years ago was shocking but quick. There has been plenty of time since then for the building of a new bull market. The residential property market, however, has still to find a firm bottom.

Falling interest rates will help, but it may be a year or two before the transaction level recovers to a reasonable level, and still longer before house prices begin to rise at a rate comparable to the growth of personal incomes. Beware of forecasts from mortgage lenders and housebuilders that suggest otherwise.

CONTENTS

FINANCE AND THE FAMILY

London Market

The return of the big takeover

IF ANYONE was in any doubt that the era of the big City takeover had returned, yesterday's £1.5bn bid by BTR for engineering group Hawker Siddeley should have set them straight.

Within a week, three British conglomerates have put more than £2.5bn on the table in cash and shares, triggering a new season of corporate asset reshuffling.

At first glance the resurgence of bid activity might seem unequivocally good news for the market. Yet the first two bids of the week – Hanson's £351m recommended takeover of Beazer, the builder, and Williams' hostile £701m bid for Racal Electronics – left the FT-SE 100 Index unmoved.

The market rose yesterday and on Thursday, but not enough to offset earlier declines in spite of the bids. Even BTR's offer, which flashed up on City dealing screens early yesterday morning, only briefly perked up the market. By the close yesterday the FT-SE 100 had strengthened slightly, gaining 11.6 on the day, but was 25.5 points lower at 2,600.3 on the week.

One explanation for this relative lack of enthusiasm is that the offers contain a large element of shares, limiting the amount of new money coming to the market.

But the market has been "soggy" for several weeks for more fundamental reasons.

The first relates to recent trading in the futures market where investors and arbitrageurs take a view on the future value of the FT-SE 100 Index. The wave of optimism that swept the stock market after the failure of the Soviet coup last month caught some investors on the wrong foot. Anxious to get into the FT-SE 100 index, a number of institutions hedged an unusually large amount of their share purchases in the futures market.

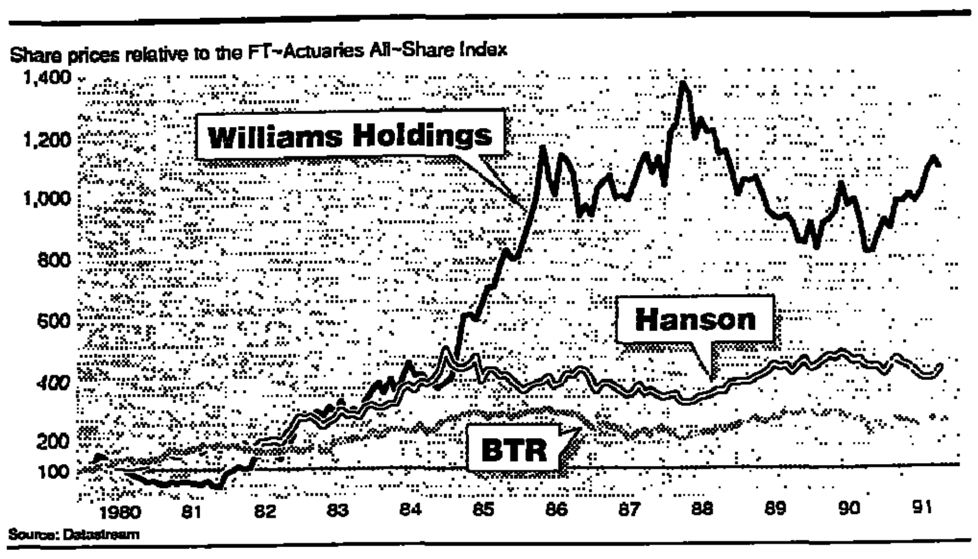
A number of bearish developments such as British Aerospace's £432m rights issue, dampened the optimism and the market rise ran out of steam. As a result traders are unwinding their positions by buying back futures contracts and selling shares, said Bob Semple, equity strategist at County NatWest.

The market also had to contend with poor retail sales figures. With consumer spending likely to lead the economy into recovery, the fall in retail sales in August after two strong months cast a pall over the market that was not offset by the small improvement in July's manufacturing output.

On top of this, analysts said a mystery seller, possibly from Abu Dhabi or Kuwait, appeared to be a consistent and heavy seller. Whenever the market firmed the mystery seller emerged to stifle the rise.

The first fillip to the market should have come when Hanson struck at Beazer. With hindsight, Hanson was always a likely bidder once Beazer's banks had forced it to float off its UK house building arm. But the market has been so distracted by speculation about what Hanson will do with its 2.8 per cent stake in ICI that it took its eye off the smaller fry. ICI closed 28p down over the week at 1276p.

Then Williams launched its hostile bid for Racal Electronics. It was the first day after the company had demerged its star performer, Vodafone, the operator of the cellular telephone market. Vodafone closed 41p higher at 373p, but the



demerger made the rump of Racal vulnerable to a bid.

Williams share price fell 24½p on the week, closing at 336½p, as the market anticipated it might have to sweeten its all share offer with some cash if it is to succeed.

But little was moving the market in spite of exceptionally heavy trading volume. Retail share sales – those deals not done between market makers – exceeded £1bn on at least two days and on Wednesday was in excess of £1.5bn.

Neither was the market impressed by governor of the Bank of England's up-beat comments. It is already nervous about a November general election which it views as a risky strategy for the Conservative Party.

A continuing stream of poor corporate results chipped further confidence from the market. Not only were results generally as bleak as expected, most companies have been less up-beat about prospects than investors had hoped.

Nigel Rudd, chairman of Williams', which is in hostile pursuit of Racal

Hanson: making a £351m recommended takeover of Beazer

Ratners, the jewellers, gave the week's first gloomy news announcing a £17.7m half year loss after a £9m profit last year. The chairman, Gerald Ratner, was pessimistic about future consumer spending.

RMC, the world's largest ready mixed concrete maker, ended the week with a 36 per cent fall to £69.9m in interim profits and a warning that they were unlikely to recover next year.

On the other hand, Guinness, the drinks and brewing group – like Glaxo last week – demonstrated yet again that its cocktail of businesses are remarkably recession proof. Guinness pre-tax interim profits rose 9 per cent to £350m, in spite of facing one of its hardest ever half years.

Another of the week's casualties was the received wisdom that food retailers are recession proof. On Wednesday Asda, the laggard of the sector, suffered a 29 per cent share price fall after Sir Godfrey Messervy, the chairman, warned profits would deteriorate significantly this year.

Even though Tesco had reported profits up 22 per cent at £229m on Tuesday, all the retailers suffered from Asda's gloomy view that retail food sales were falling.

Amid this general pessimism a few optimists could still be discerned, notably analysts at County NatWest MoodMac. Contrary to the prevailing view put forward by Nomura securities that the market has nowhere further to go this year, County stood out again waving the banner of sustainable recovery.

With inflation rates heading below 4 per cent, the relationship between the bond market – which has been strong recently – and equities must adjust by raising the price earnings multiples on which companies can be traded. The result is that the market is only temporarily over-priced, according to County. That is the theory at least. No doubt the market will decide.

Richard Gourlay

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991 High	1991 Low	
FT-SE 100 Index	2600.3	-25.5	2679.6	2054.8	Corporate results shock
Allied-Lyons	647	+43	662	460	Bid speculation
BPB Inds	187	-23	245½	163	Rumoured downgrades
Beazer	118xd	+36½	195	59	Agreed bid from Hanson
Dowty	152	-21	196	145	Profit forecast cuts
Gold Greenlees T	217	+33	218	63	Brokers' "buy" note
Hanson	225½	+12	249½	179	UK funds buy after bid for Beazer
Hawker Siddeley	758	+171	764	417	BTR bid
Kwik-Fit	168	+18	171	69	Better-than-forecast interims
Psion	58xd	+18	92	40	New product launch
RMC	621	-57	749	594	poor figs/profits warning
Reuters	954	+47	968	673	County recommendation/US buying
Shanks & McEwan	242	-63	319	213	Profit warning
United Friendly B	421	+34	421	357	Interim div increased 20%
Vodafone	373	+41	414	251	Vague bid talk/investment demand

Serious Money

An offer you could accept

By Philip Coggan, Personal Finance Editor

AN ENVELOPE may soon thump on to your doormat inviting you to buy shares in a new investment trust from M&G, one of the UK's leading fund management groups.

This is certainly the most ambitious fund launch since the 1987 Crash. About 2½m households will be mailed and the managers have a top fund raising target of £500m, although £150m is their more realistic aim.

So how should the private investor view this offer? At first sight, it looks rather complicated. The new trust, M&G Income, has a split capital structure with three separate classes of share.

But most investors can forget this. They are being offered a packaged unit at 100p, consisting of the three types of shares combined. They can thus view the package as a conventional UK income growth investment trust.

The trust will invest, in accordance with M&G's philosophy, in high yielding and recovery stocks and smaller companies, aiming for an overall gross dividend yield of 6.55 per cent. And it is mainly being marketed as a Personal Equity Plan (PEP), so any income and gains thus held will be tax-free.

Viewed as an income investment, then, the trust looks quite attractive. A basic rate taxpayer putting £6,000 into the Leeds Liquid Gold account, for example, would receive a net return of 6.9 per cent, just 0.35 per cent above the yield on the M&G PEP. Higher rate taxpayers would only get a 5.5 per cent return from Liquid Gold.

M&G also offers something a building society can not: the prospect of a steadily growing income.

Then there is the hope of capital growth. The average UK income growth investment trust achieved a 65.9 per cent rise in the three years to September 1, and a 239.4 per cent increase over seven years. Both figures allow for the reinvestment of net income.

Of course, as the saying goes, past performance is no guide to the future. The kind of high yield stocks which M&G will buy tend to have cycles of good and bad performance. The last two years have been poor ones for recovery stocks and small companies as investors have flocked to recession proof, blue chip stocks.

The record of John Allard, the manager of the new trust, is a good example. He has been responsible for the General and High Income unit trusts since the late 1970s. The former has performed well over the past seven and 10 years, earning a place in the top 25 per cent of its sector. But over one and two years, its performance has been below average. The High Income fund is also above the average for its sector over seven and 10 years, but below it over one, two, three and five years.

However, there are plenty of people who are convinced that the tide is about to turn for recovery stocks and smaller companies as the UK moves out of recession. So the M&G issue could be well-timed.

But might not other trusts in the same area be more attractive? The conventional problem for a company launching an investment trust is that shares in such trusts often trade at a discount. Investors thus ask why they should pay full value for the assets of a new trust when they can get the same assets elsewhere at a cut price rate.

M & G's new investment trust looks complex but worthwhile

At the moment, however, UK income trusts are trading at only a very narrow discount. TR City of London, for example, the best performer in the sector over seven years, is on a discount of only 1 per cent and yields 5.2 per cent, less than the M&G offer.

Moreover, split capital trusts such as M&G's often trade at a premium. This is because the ability to separate the qualities of income and capital growth is attractive to certain investors. This additional demand has so far been greater than the ability of the investment trust to supply it.

The three classes of shares in the new M&G trust are zero dividend preference, income and capital. They will trade separately after the issue, but if you hold the package in an M&G PEP, you cannot split it up. Those who want to do so, should buy the shares through a self-select PEP.

The zeros pay no income, but will be repaid at 102.46p in 2001, when the trust is wound up. This is not guaranteed but the trust's assets need to grow at only 1.25 per cent per annum to ensure repayment.

On that basis, the zeros are offering a yield of 11.5 per cent per year, a better rate than other zeros on the market. They can be traded separately after the issue (outside the M&G PEP) and are likely to trade at a premium to their asset value of 34.5p, perhaps around 37p.

The zeros will appeal to those who want assured capital growth. Unless you are likely to use up your capital gains tax exemption, you can hold them outside a PEP.

The income shares will receive all the trust's gross dividend income of 6.55p per share, but will only be repaid at a nominal 0.1p when the trust winds up. Other shares of a similar type yield around 14 per cent; on that basis, the income shares could trade at about 47p.

The capital shares will get all the assets of the trust after the zeros and the income shares are repaid. Although they have an initial asset value of around 60p, the capital shares are risky; if the trust's assets do not grow, they will be worthless. Even assuming, however, that the capital shares trade at a 60 per cent discount, they would be worth around 24p.

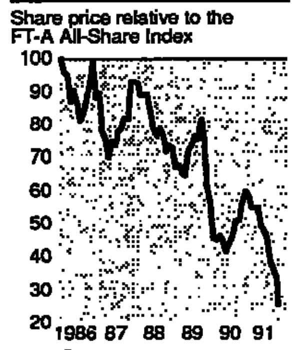
Adding up the rough values of the three classes of shares gives a total of 108p, 8p above the issue price. The question for investors is whether that potential "free" 8p counterbalances the heavy initial charges, which at around 6 per cent are much higher than for a normal investment trust. Some money could be saved by opting for an execution-only service such as Boyton Financial Services (tel: 0787-61919), which will handle the deal for £57.50. (The conventional commission will be £180.)

My view is that the chance to put the full £6,000 into a tax-free broadly-spread investment trust is sufficient to outweigh the charges. The M&G offer is worthy of serious consideration.

AT A GLANCE

Gilts

Asda



Gilts regain their gloss

THE GILT market has had a good summer. Prices have risen since the beginning of July due to the steady fall in inflation, lower interest rates and, more recently, the government's lead in the opinion polls.

A further base rate cut is widely expected around the time of the Conservative Party Conference in early October. Economists point out that this could be the last cut for some time, which might put a halt to the current gilt market rally. However, if Germany raises interest rates again, the Bank of England may not be able to make the cut without risking a weakening in the pound.

A bad week for Asda

A PRICE cut from Asda this week was not good news for the supermarket group's shareholders. The shares fell by 29 per cent on Wednesday, following a profits and dividends warning which scotched thoughts that food retailers might be less vulnerable to recession than other sectors.

Sir Godfrey Messervy, the chairman, said he foresaw a "very significant deterioration in our results for 1991-92". It fell 27p to 67p on Thursday, and market sentiment was that only vague bid rumours stopped it from falling further. These rumours persisted, and the shares closed on Friday at 70p. The share prices of Argyll, Tesco and Marks & Spencer all suffered in sympathy for Asda.

AIB launches deposit account

THERE IS an alternative to the M&G offer (see Serious Money). AIB is launching a deposit account, Elsa, which pays investors the rise on FT-SE 100 Index over five years, or 30 per cent, whichever is the higher. The advantage is that few trusts can guarantee to match the index and the investor is protected against loss; the disavantage is that profits will be taxed as income, which means that the bond may appeal mainly to those who have used up their capital gains allowance. Minimum investment is £5,000 and there are penalties for early withdrawal. Further details from 0800-282115.

Guinness Flight plans unit trust

GUINNESS Flight is planning to launch a high income unit trust to invest in Euro-Sterling, Bulldog and corporate bond markets. Its Premium Fixed Interest Trust intends to take advantage of yields superior to those obtainable on UK government gilts. The risks involved are not significantly greater - the fund would invest in debt from organisations such as the New Zealand Government or Barclays Bank.

Launch period will be from October 7 to October 11, with a minimum investment of £1,000. Initial charges during the launch period will be 2.5 per cent, although this will be less for greater investments – only 0.5 per cent will be charged for sums of more than £50,000.

Wall Street

Envious glances are cast across the pond

WHEN THE stockmarket surged in the first few months of 1991, many on Wall Street thought that most of the year's good news had arrived. As proof of their conviction, companies rushed to raise new equity, and leveraged buyout merchants restructured debt-laden enterprises.

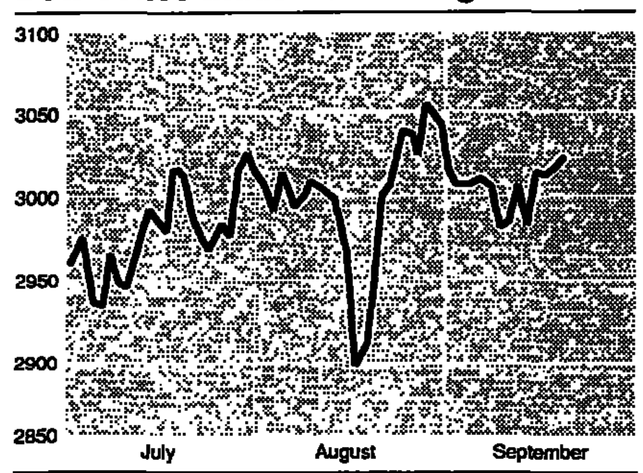
As the year's final quarter gets underway and the summer torpor recedes, that view looks astute. With the economy still mired somewhere between recession and recovery, the Dow Jones Industrial Index shows little sign of going anywhere. Perhaps the best that can be said is that a floor seems to have developed around 2,900-3000.

The Dow started out Monday still bruised by the previous Friday's interest rate cut. But by mid-afternoon, with bond yields falling, purchasers were back in the market. In general, their targets lay in mainstream industrial stocks. The Dow climbed almost 30 points to 3015.2, but drifted for the next four trading sessions.

Doubts still remain about the strength of the recovery. Last week, for example, August's industrial production figures showed a rise of 0.3 per cent and the figures for June and July were revised upwards slightly. Housing starts rose 0.6 per cent in August, the fifth consecutive monthly gain but building permits fell by 4.9 per cent.

But, then again, consumer spending remains so weak that it is possible to argue that these signs of improvement owe more to a rebuilding of stocks than any realprogress. This point was made in the "beige book", the Federal Reserve's summary of economic activity released on Wednesday. It stressed that economic recovery remains uneven, with the manufacturing sector leading the way, but "with little sign of a sizable rebound in consumer spending that will contribute to a strengthening business recovery."

Dow Jones Industrial Average



So Wall Street awaits the forthcoming corporate reporting season with a good deal of trepidation. Already, the trickle of early results and early warnings has been less than encouraging. For example, US Steel, the largest steel manufacturer in the US, warned on Tuesday that it would lose money in the third quarter period, although it was significantly more optimistic about the final three months of the year – reinforcing views that the steel industry cycle has passed its lowest point.

Still on the industrial front, Cincinnati Milacron, one of the largest machine tool makers announced late on Thursday that it was halving its quarterly dividend and would be taking a substantial third quarter charge to cover asset write-downs and further reorganisation of its business. By Friday morning, its shares had fallen $1⅞ to $10¾.

Meanwhile, Pepsico shares were modestly dented when the soft drinks group announced plans to cut some 1,800 jobs in its Frito-Lay snacks division. This will result in a $100m charge against third-quarter earnings, while Federal Express, the express delivery company, reported a 60 per cent fall in net profits during June-August.

Nor is there much sign in the US of the renewed bid fever which appears to have gripped London. Indeed, some US stockmarket columnists have been obliged to pay a rare deal of attention to UK-based stocks this week. On Monday, for example, the mostly actively-traded stock on the Big Board was Beazer, on the receiving end of a recommended bid from Hanson. For once, Wall Street can only look on with envy.

Monday	3015.21	+ 29.52
Tuesday	3013.19	– 2.02
Wednesday	3017.89	+ 4.70
Thursday	3024.37	+ 6.48

Nikki Tait

The Bottom Line

Bulls think that small will be beautiful

THE FAINTEST hint of a recovery in the UK economy has again stirred excitement about the prospects for smaller company shares.

"Smaller companies are thundering back into fashion," said John Houlihan at Hoare Govett.

With base rates down to 10.5 per cent from 15 per cent a year ago, the much heralded pick up in economic activity, we are told, should act as a catalyst to change both in the performance of smaller companies and in market sentiment.

Smaller companies, the argument runs, should benefit more from any upturn in the UK than FT-SE companies, since they are more vulnerable to cyclical trends in the UK than the geographically diversified large corporations.

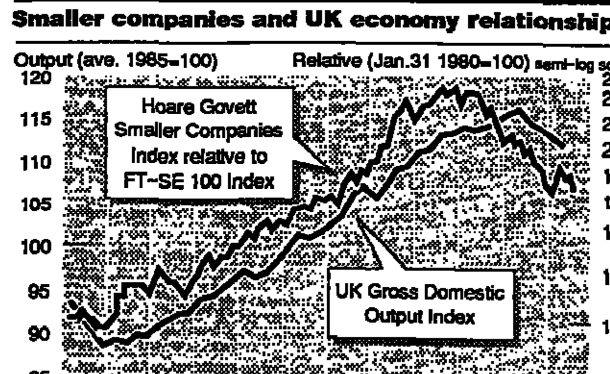
John Ainsworth, senior investment manager at Hill Samuel Investment Management, says 27 per cent of companies included in the Hoare Govett Smaller Companies Index are in cyclical industries, such as construction and engineering, which have considerable scope for recovery given the depths of their troubles over recent years. In the FT-SE 100, 4 per cent of stocks are in cyclical industries and more than 50 per cent are in defensive sectors.

The businesses of smaller companies also tend to be domestically orientated, so that their share performance tends to be more closely intertwined with the fortunes of the UK economy, as can be seen from the graph. FT-SE companies derive about 40 per cent of their earnings from overseas markets.

This implies that the market is concentrated in stocks that will not participate in the UK recovery and it would make sense for investors to shift a proportion of their portfolios to smaller companies.

FT-SE 100 companies with a market capitalisation of over £980m comprise 72 per cent of the market by value, while those under £210m included in the Hoare Govett index make up only 18 per cent.

Smaller companies and UK economy relationship



It would therefore be safe to expect something of a shift in portfolio composition in favour of smaller companies.

The general illiquidity of smaller company shares promises that even a relatively small shift of funds could lift prices substantially.

Furthermore, the smaller companies sector is still undervalued relative to the FT-SE. The historical p/e ratio on the HGSCI is at a moderate discount to that on the All Share Index, although it has come up from the 15 per cent discount at the beginning of the year.

Amid all the celebrations, there is at least some cause for concern stemming from the large numbers of disappointing results that continue to come out of the UK corporate sector this autumn. The high incidence of cautious statements accompanying these results does not suggest that a recovery is just around the corner.

While savage cost-cutting exercises have reduced the cost base of those companies that have survived the recession and laid the foundations for a strong rise in profitability, poor results from corporate Britain are too often accompanied by gloomy comments on the trading outlook.

Houlihan contends, however, that as far as the market is concerned "1991 is history." Other bulls say the rise in confidence is bound to be followed by a more tangible improvement in economic activity.

"Confidence," says Ainsworth, is a very big driving force."

Even if the recovery is on its way, it is likely to be gradual and narrowly based on the lighter end of industry. So it would be wise to be choosy at this stage of the cycle.

For example, companies that offer a comfortable degree of asset backing, combined with a solid yield and recovery potential, should prove attractive particularly to the more risk averse, says Houlihan.

In this respect, Hoare Govett recommends Plaxton Group, the coachbuilder, which has an attractive 7 per cent yield and a net worth of 130p, its shares are half that level at 61p.

Another Hoare tip is Davis Services Group, the former Godfrey Davis. It has a reasonable asset backing of 120p and while the share price is higher at 160p, the yield is at 7 per cent for the current year.

On Thursday, Hoare Govett is putting on an exhibition at the Barbican that will bring together representatives of 46 smaller companies and their prospective investors.

Small cos indices

		% chg on wk
CSCI	1007.5	+0.6
HGSC*	1281.89	+0.7

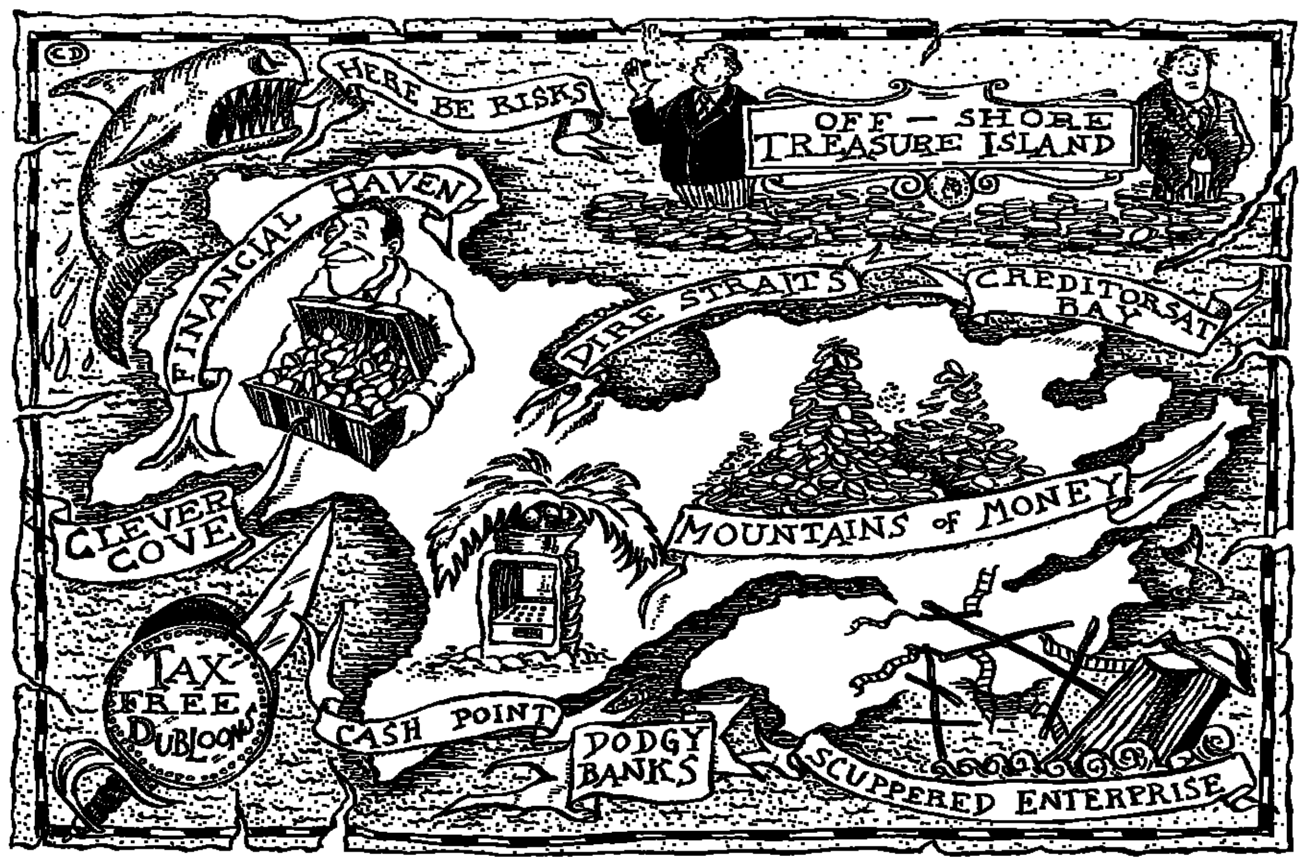
* Capital gains version. CSCI figures as of Sep 18, HGSC as of Sep 19.

Michiyo Nakamoto

FINANCE AND THE FAMILY

The Caymans or the Halifax?

***Philip Coggan** thinks only a few people can benefit from offshore investment*



THERE IS something exotic about the idea of investing offshore. "My money's stashed away in the Caymans" is a much better line to drop into dinner party conversation than "I've opened an account with the Halifax."

But aside from the social cachet, are there any serious advantages to investing offshore? The answer is yes, but for a limited number of people.

For the vast majority of UK citizens, there are few good legal reasons to invest offshore. UK residents are liable to be taxed on their worldwide income whether it originates in Gillingham or Guernsey.

And an offshore-based stock market fund that invests in UK equities will still receive its dividends net of tax and will thus have no real advantage over an onshore fund.

Of course, everyone knows – although those who run offshore financial companies are usually chary about admitting it – *that some people* invest offshore with the sole intention of evading tax. The Inland Revenue is constantly attempting to track down such people, however, and if you do evade tax and are discovered, you will have to pay not only the back tax but interest plus a penalty which can be 100 per cent of the tax due.

Greater financial liberalisation in the UK, and the accompanying closure of some old offshore tax "loopholes" mean that the benefits of such investments have been greatly reduced. Non-taxpayers who were attracted by the ability of offshore banks and building societies to pay interest gross, for example, can now receive the same advantage onshore.

There are also negative factors, such as the more lax systems of regulation, and the lack of investor compensation schemes, in some offshore financial centres.

Bermuda, Guernsey, Jersey, and the Isle of Man all have investor compensation schemes; some other centres offer limited protection in a few areas. The majority does not, so *caveat investor*.

One should be particularly wary of those who call from overseas and try to sell you shares in diamond mining companies, go-ahead software groups and the like. the best thing to do with such calls is to put the phone down.

There are sharks in the offshore market who rely on the fact that investors, greedy for tax gains, will not pay enough attention to detail. Howwver, there are legitimate investment areas which may appeal to some savers.

Investing in an offshore roll-up fund. These are funds which invest in deposits but roll-up, rather than pay out their income. At one time, such gains were classed as capital gains, not income, but this is no longer the case. They still have some tax advantages.

Such funds are not themselves subject to tax and investors are only taxed if they redeem their holdings, or switch from one fund to another. That allows individuals to defer tax until the situation is more favourable. For example, someone who is about to retire – and move down from the higher rate to the basic tax rate bracket – might be attracted by such a fund.

However, tax rates are currently quite low by historical standards and there is a risk that they could rise again. You need to have a fairly good rationale for deferring tax.

The market leaders in this field are N M Rothschild, with its Old Court range of funds, and Guinness Flight (see elsewhere on page). Such funds also offer a range of foreign currency accounts, giving the UK investor the best route for backing his judgment on exchange rate movements.

Expatriates. British citizens who work abroad only have to pay UK tax on income arising in the UK. There is thus an advantage for them to hold their assets in an offshore account that pays gross income. In addition, a working expatriate who expects to move from country to country may find it simpler to keep his assets offshore, than to move them with every career switch.

Those who expect to become expatriates in the near future may also like to place their assets offshore in order to make it easier for them to gain access to their funds later on. Some may want to keep their money abroad as a bolthole in case a more hostile tax regime is imposed in the UK. It is important to remember, however, that nowadays expatriates are entitled to their personal allowance – currently £3,295 – so some income can be earned onshore.

Managed funds. It is possible to receive income gross from an onshore building society if you are a non-taxpayer. However, it is not so easy to receive income gross if you want to invest in a managed fund onshore.

In contrast, offshore funds can provide this facility and there is a vast range of such funds available, sited in places such as Jersey, Bermuda and Luxembourg.

Offshore umbrella funds, which allow investors to switch between different asset categories at low cost, may also appeal to the wealthy investor. However, one needs to look very carefully at the investment record of the fund concerned. You may easily find that investing in a UK-based fund, and paying the full tax, is still more profitable in the long run.

Offshore trusts. The tax treatment of offshore trusts added a further layer of complexity in the 1991 Budget. However, it only affected capital gains tax and trusts set up by UK-domiciled settlors. Caroline Garnham, tax partner at Taylor Joynson Garrett says that "Settlements established up by non-UK domiciled settlors are still capital gains tax free and depending on who can benefit from the trust and on what the trust's investments are, trust income can be free of income tax until, it is brought into the UK."

However, the legal advice needed to avoid the tax traps and the cost of maintaining the trust abroad means that only a few can benefit.

CHOOSING an offshore fund is as difficult a process as selecting an onshore unit trust.

First you have to decide which asset category – equities, bonds, or currencies – has the best prospects and then you have to choose the fund manager who is likely to produce the best performance.

The danger is to opt for a fund that is top of the short-term league tables because its particularly specialisation is in vogue. Long term consistency of performance is more reliable.

The following are funds which have achieved an above average performance in their sector over 1, 2, 3, 5, 7 and 10 years: (figures in brackets show the 10-year growth offer-to-offer with income reinvested.)

Asian funds show the biggest nominal increases over the last ten years but the fact that one asset category has performed well in the past is no guide to the future.

The list accordingly displays the most consistent funds across all the sectors and illustrates the wide range of options available.

GT Japan Small Cos (1105.7), Tyndall Tiger Fund (489.4), Hambro Equus UK Growth (461.5), Fidelity American Assets (458.9), GT Asia Sterling Fund (440.6), ISA Japan (435.3), GT Asia Fund (430.4), Schroder Asian (406.2), Baring Pacific (346.8), Baring International Bond (332.4), Fidelity World (318.6), Guinness Flight Int Man Curr (309.6), Anchor International (308.6), Wardley South East Asia (280.8), Old Court Italian Lira (271.1), EBC Int Income (267.5), Lloydstrust GiltFund (267.0), Mercury IIT North American (265.7), TSB Gilt (264.5), Old Court Hong Kong (263.6), Hill Samuel CSF Fund (256.1), Schroder Money Funds Sterling (190.1), Old Court International Reserve £ (189.3), Capital House Int Currency £ (188.7), Hambro Curr Sterling (185.2), Old Court Belgian Francs (174.3), Fidelity Dollar Savings (150.0) Tyndall Money Fund (149.8), Old Court Commodity (83.2).

For those interested in offshore deposit accounts, the table on page VI shows the current best rates available from major banks and building societies. At the moment, gross rates vary from 10.7 per cent on £1,000 at the Portman to 12.5 per cent on £50,000 at the Yorkshire in Guernsey.

A 99-year mortgage

FANCY making mortgage payments for 99 years? That is the latest addition to the complex world of home loans; adding to the choices for buyers already faced with repayments, endowments, pension, Pep-linked and foreign exchange mortgages.

The new ultra-long-term mortgage has been launched this week by the Life Association of Scotland with funds from C&G Guardian. Aptly named Eternity, this is a monthly interest-only mortgage with, to all intents and purposes, an indefinite repayment date. There are no frills to this mortgage – no savings plan, no home contents policy, no mortgage protection insurance, not even a life policy.

"This is a one-stop mortgage, the idea is that you will not need to take out another mortgage," said Simon Brookhouse for the Life Association of Scotland. Like other repayment mortgages, it allows the borrower to choose how to repay the capital. "You make the savings arrangements to allow you to repay the capital how and when you wish," said Brookhouse.

There is a drawdown facility which allows the person taking out the mortgage to borrow against the value of the property. The maximum that can be borrowed is 92 per cent of the difference between the valuation of the house and the outstanding mortgage amount.

For example, if the mortgage is for £60,000 and the house is valued at £100,000, the homeowner would be entitled to a drawdown facility of £32,000 at the prevailing rate of interest.

There are a variety of interest rate options available. A launch offer knocks two percentage points off the standard rate for the first six months, giving a current rate of 9.75 per cent. There is also a fixed-rate mortgage of 9.95 per cent for one year.

Borrowers can opt for stabilised payments for up to two years, if the loan is below 70 per cent of the valuation of the house. They can select a reduction of between 0.5 per cent and 3 per cent off the standard rate, as long as the latter does not fall below 10 per cent. However, this interest saving is rolled up and added to the outstanding value of the loan.

Home buyers can borrow up to 92 per cent of the value of property costing up to £150,000; this drops to 85 per cent for remortgages. Those buying homes in the £150,000 – £300,000 range can borrow up to 85 per cent of the value.

The mortgage is being sold through independent financial advisers, with an arrangement fee of £100 added to the loan. There is also an early redemption penalty in the first five years of two months interest unless a new mortgage is taken out with C&G Guardian. Up to 25 per cent of the capital can be repaid without incurring this penalty.

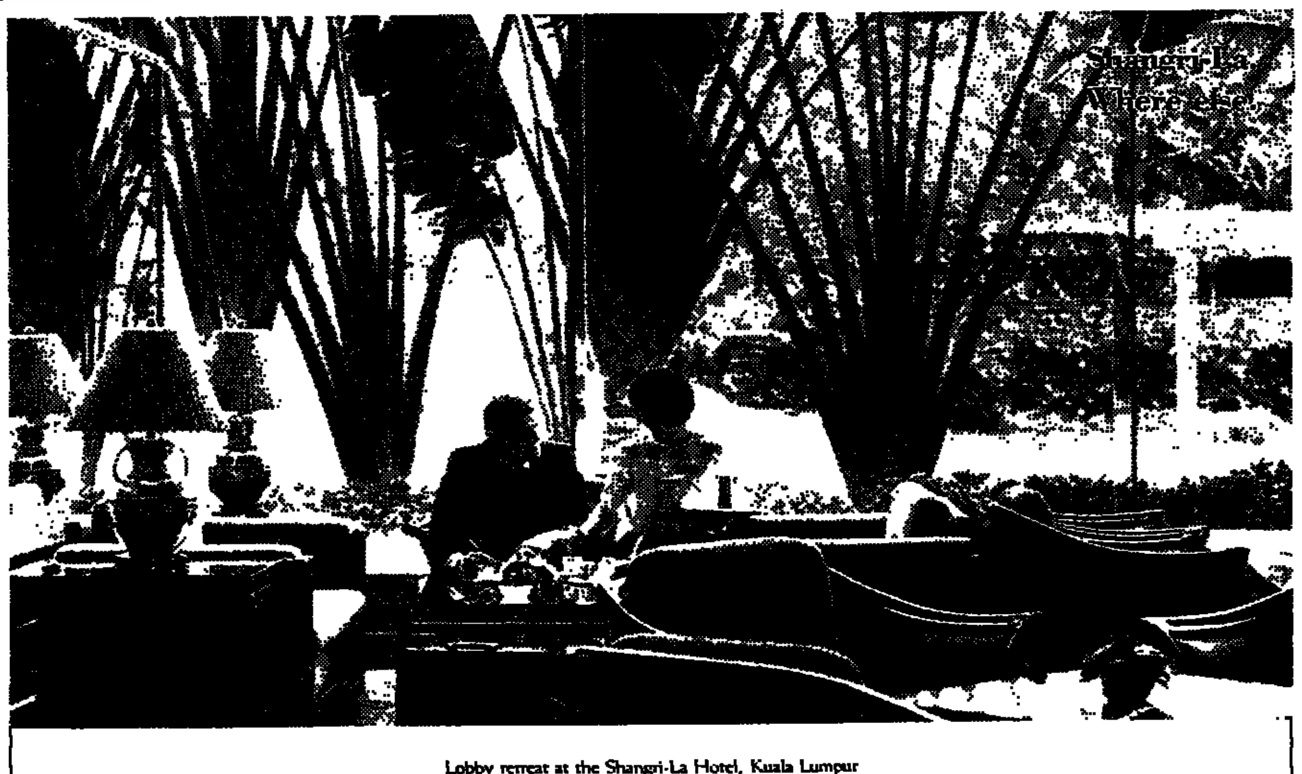
There are a number of new fixed rate mortgages on the market. Woolwich has launched two fixed rate mortgages, both available on an endowment or pension based mortgage only. The first is fixed for two years at 10.25 per cent and the second is for five years at a rate of 10.4 per cent. At the end of the fixed rate, the mortgage reverts to the standard variable rate, currently 11.5 per cent.

Citibank has also brought out a three year mortgage at a rate fixed in two parts. The rate is held at 9.95 per cent to January 1993, and then at 10.95 per cent to January 1995. There is a fairly stiff arrangement fee of £500 which can be added to the loan.

A two-year fixed mortgage from Allied Irish Bank will be available from 30 September. The rate of 10.5 per cent will be held until 4 December 1993. There is an arrangement fee of £195 and the mortgage is not available on repayments. AIB's own customers can apply from next week.

Family Matters, the mortgage broker, has made some best buy recommendations. It selects a 9.95 per cent two year capped mortgage from Coventry Building Society and a 9.3 per cent fixed mortgage from Nottingham Building Society, which is held until November 1 1992.

Scheherazade Daneshkhu



Lobby retreat at the Shangri-La Hotel, Kuala Lumpur

The advertisement for the M&G Full £6,000 PEP is not part of this Mini Prospectus and The London Stock Exchange's authorisation of the Mini Prospectus under s.154(1)(b) of the Financial Services Act 1986 does not extend to that advertisement.

M&G INCOME INVESTMENT TRUST P.L.C.

M&G INCOME INVESTMENT TRUST P.L.C.

(Incorporated in England and Wales under the Companies Act 1985 with registered number 2640304)

Offer for Subscription sponsored by S.G. Warburg Securities of up to 500 million Package Units at 100p each payable in full on application, each comprising One Zero Dividend Preference Share of 1p, One Income Share of 1p and One Capital Share of 1p.

This Mini Prospectus describes briefly M&G Income Investment Trust P.L.C., the Offer and how to apply for Package Units. The Mini Prospectus contains information in summary form drawn from the Listing Particulars of the Company dated 30th August, 1991 which alone contains full details of the Company and the Offer, and is to be read in conjunction with the Listing Particulars. Copies of the Listing Particulars are available from the places referred to at the end of this document until the Offer closes and copies may also be obtained from the Company Announcements Office, The Stock Exchange, 46 Finsbury Square, London EC2, by collection only, until 25th September, 1991.

In applying for Package Units you will be treated as applying on the basis both of the Listing Particulars and of the Terms and Conditions of Application set out in this document, which together govern your rights and obligations. Expressions defined in the Listing Particulars have the same meanings in this document. If you require advice, you should consult your stockbroker, solicitor, accountant or other professional adviser authorised under the Financial Services Act 1986.

The Council of The Stock Exchange has authorised the issue of this document under Section 154(1)(b) of the Financial Services Act 1986 without approving its contents. This document is not for distribution outside the UK, nor should it be treated as an offer or solicitation outside the UK.

The Directors are satisfied that this Mini Prospectus contains a fair summary of the key information set out in the Listing Particulars.

TIMETABLE

	1991
Application lists for the Package Units open	10.00 a.m. on Friday, 30th August
Commencement of main publicity arrangements for the Offer	Friday, 20th September
Latest time for receipt of applications for the Package Units	10.00 a.m. on Thursday, 17th October
Basis of allocation expected to be announced	10.00 a.m. on Tuesday, 22nd October
Definitive certificates expected to be despatched	Monday, 28th October
Dealings in the Package Units, Geared Ordinary Units and Shares expected to commence	8.30 a.m. on Tuesday, 29th October

KEY INFORMATION

THE COMPANY

- M&G Income Investment Trust P.L.C. is a new split capital investment trust with a planned life of ten years.
- The underlying policy of the Company will be to achieve above average and growing income as well as capital growth from a portfolio consisting predominantly of UK listed ordinary shares.
- The Company aims to provide an initial gross dividend yield approximately 40 per cent higher than that of the FT Actuaries All-Share Index as well as a real growth in income over the planned life of the Company.

The Company's portfolio will be managed by M&G Investment Management Limited along similar lines to the M&G UK income unit trust funds.

SUBSCRIPTION DURING THE OFFER PERIOD

Package Units

Package Units will be offered for subscription at 100p each. Each Package Unit will consist of one Zero Dividend Preference Share, one Income Share and one Capital Share.

- A straightforward investment.

Investment in the Package Unit will equate to investing in an ordinary share in a high yielding UK investment trust without a split capital structure.

- Offering the prospects of rising income and capital growth.

The Package Units are designed to offer investors above average and increasing income over the life of the Company in the same way as M&G's UK income unit trust funds have done over the last ten year period. The initial forecast annualised gross yield at the Offer Price of 100p is 6.55 per cent, based on a forecast annualised net *dividend equivalent to 4.91p per Package Unit.*

- Quarterly Income Payments.

Dividends will be paid four times a year.

Full £6,000 PEP

- PEP investments.

The Company will be a qualifying investment trust and will provide the opportunity for tax free investment of up to £6,000 under the Offer for Subscription of Package Units.

PLACING

In addition to the Offer for Subscription of Package Units, S.G. Warburg Securities will use reasonable endeavours to seek placees for Zero Dividend Preference Shares and Geared Ordinary Units (consisting of one Income Share and one Capital Share).

DEALINGS AFTER THE OFFER CLOSES

Dealings are expected to commence in the Package Units, the Geared Ordinary Units and the Component Shares on Tuesday, 29th October, 1991. Investors will then be able to deal in Package Units, Geared Ordinary Units and the Component Shares as they will all be separately traded on the London Stock Exchange. This ability to deal in the Component Shares as well as in the Units is expected to improve the aggregate market value of the Company, relative to its net asset value.

ISSUE STATISTICS

	Package Units	Geared Ordinary Units	Zero Dividend Preference Shares
Price per Unit/Share	*100p*	*65.5p*	*34.5p*
Forecast initial gross dividend yield	6.55%	10.0%	-
Gross yield to redemption	-	-	11.5%
Initial net asset value per Unit/Share	94.55p	60.05p	34.5p

BACKGROUND AND INVESTMENT POLICY

Split Capital Investment Trusts

A split capital investment trust has more than one class of share capital. As at 22nd August, 1991 the combined market capitalisation of all UK investment trusts with some form of split capital structure amounted to over £2 billion (Source-Datastream). The shares issued by these investment trusts were on that date valued by the stockmarket at 3.6 per cent above their estimated underlying net asset value.

The Package Unit has characteristics similar to an ordinary share in an investment trust without a split capital structure. However, once dealings commence and the Package Unit can be split up, investors who are seeking income as opposed to capital growth can purchase Income Shares; those seeking a predetermined return in the form of capital can purchase Zero Dividend Preference Shares; and those seeking leveraged growth with no income can purchase Capital Shares. The Geared Ordinary Unit provides a composite income and capital unit offering a high initial gross yield and capital gearing.

Investment Objective

The Company's investment objective will be to provide its Package Unit holders with an attractive total return derived from a high starting yield and an increasing level of dividends, together with capital appreciation.

At the Offer Price, the Package Units will have a forecast annualised gross dividend yield of 6.55 per cent, based on a forecast annualised net dividend of 4.91p based on a notional 12 month financial period to 31st October, 1992. This expectation rests on achieving a prospective yield, on the initial assets of the Company following the Offer, of 7.38 per cent for that period. This currently represents a yield of approximately one and a half times that of the FT Actuaries All-Share Index. The Company's portfolio will be modelled on those of M&G's UK income unit trusts which have a long established record for income and capital growth.

One of the Company's prime investment objectives will be to increase dividends each year over the Company's life, with overall increases at least equal to the increase in the Retail Prices Index.

Investment Policy

The portfolio will initially be comprised of listed ordinary shares in companies returning above average yields, smaller companies (that is, companies capitalised at under £250 million) and recovery stocks.

The Manager's experience leads it to the view that shares with these characteristics can deliver a growing income as well as capital growth at least equal to that of the market as a whole. Whilst the initial portfolio is expected to be exclusively invested in UK companies, the Manager may select overseas shares which it believes would suit the Company's objectives.

No investments in unquoted securities will be made.

It will be the intention to ensure that:

– The interests of the holders of the Package Units, the Geared Ordinary Units and the Shares are balanced at all times.

– The investment policy will be such that the Company will be a qualifying investment trust.

Although the Company may borrow to a limited extent to fund short-term investment opportunities, it is not the present intention that any significant long-term borrowings will be made. The Company may participate in underwriting public share issues.

CAPITAL STRUCTURE AND CHARACTERISTICS OF PACKAGE UNITS, *SHARES AND GEARED ORDINARY UNITS*

Capital Structure Summary

For purposes of the illustrative investment statistics given in this document it has been assumed that the gross proceeds of the Offer will amount to £125 million. In the event of less than £20 million being raised the Offer will not proceed.

The Offer for Subscription of Zero Dividend Preference Shares, Income Shares and Capital Shares will be made only in the form of Package Units issued at 100p per Unit. Each Package Unit will consist of the following Component Shares:-

One Zero Dividend Preference Share with a redemption value of 102.46p at the end of the Company's planned ten year life

One Income Share with an initial minimum annualised forecast gross dividend of 6.55p and a redemption value of 0.1p

One Capital Share with an initial net asset value of 59.95p.

Zero Dividend Preference Shares and Geared Ordinary Units will be made available in the Placing. The Geared Ordinary Units each consist of one Income Share and one Capital Share.

Package Unit

The Package Units are designed to offer holders an above average and growing income over the life of the Company. The Package Unit has characteristics similar to an ordinary share in an investment trust without a split capital structure.

The Package Unit will have an initial forecast annualised gross dividend yield of 6.55 per cent, assuming a forecast annualised gross dividend of 6.55p per Income Share. The following table shows the estimated gross redemption yields of the Package Unit assuming various annual growth rates in income and capital over the Company's planned ten year life. The gross redemption yield measures the total annualised capital and income returns from any investment over a fixed period.

Package Units Gross Redemption Yield (% per annum)

Asset and Income Growth Rates	0%	2.5%	5.0%	7.5%	10.0%	12.5%
Gross Redemption Yield	5.82%	8.31%	10.79%	13.27%	15.76%	18.24%

Zero Dividend Preference Shares

The Zero Dividend Preference Shares (which carry no entitlement to income) will rank for repayment in priority to the other classes of Share. The initial assets of the Company, after expenses, would be sufficient to repay to the holders of Zero Dividend Preference Shares 92.28 per cent of the amount of their entitlement at the end of the planned ten year life based on their predetermined rate of growth.

The initial asset value of each Zero Dividend Preference Share will be 34.5p which will grow at a monthly compound growth rate of 0.91 per cent to give an entitlement to 102.46p at 5th November, 2001. This will give the Zero Dividend Preference Shares an annualised gross redemption yield of 11.5 per cent.

Income Shares

Holders of Income Shares will be entitled to all the income from the Company's investments, after expenses and tax, which is determined to be distributed and will therefore benefit from geared dividend growth in the underlying portfolio. They also carry the right to the distribution of the Company's revenue reserves (if any) immediately before the expiry of the Company's planned life. The dividend on the Income Shares will be paid quarterly.

The Income Shares will entitle holders to a payment of 0.1p per Income Share at the end of the Company's planned life. The Income Shares will have an initial forecast annualised gross dividend of 6.55p per share.

As the Income Shares will only have an established market price once dealings commence it is not possible to provide an estimate of the total return per Income Share assuming various annual rates of income growth for the Company.

However, the table below sets out the sum total of all the gross dividends payable to the holders of Income Shares during the planned ten year life assuming various annual rates of income growth for the Company.

Income Shares Total Gross Dividend Return

Income Growth Rates	0%	2.5%	5.0%	7.5%	10.0%	12.5%
Total Gross Dividend Return	65.58p	73.49p	82.50p	92.79p	104.53p	117.91p

Capital Shares

Holders of Capital Shares (which carry no entitlement to income) will be entitled to all the surplus assets of the Company once the respective entitlements of the holders of the Zero Dividend Preference Shares and the Income Shares have *been satisfied in full.* Assuming initial expenses are no higher than 5.45 per cent of the amount raised, the initial asset value attributable to the Capital Shares will be 59.95p. The Capital Shares will also benefit from capital gearing which initially will be 1.58 times. The degree of capital gearing determines the extra rise, or fall, attributable to the Capital Shares' net asset value as a result of a rise, or fall, in the total assets of the Company.

The table below sets out the redemption value of the Capital Shares at the end of the planned ten year life assuming various annual rates of asset growth for the Company.

Capital Shares Redemption Value

Asset Growth Rates	0%	2.5%	5.0%	7.5%	10.0%	12.5%
Redemption Value	0p	13.26p	44.98p	84.31p	132.84p	192.42p

The redemption values do not take account of the effects of different rates of capital gains tax payable by individual investors, nor of the availability of indexation relief and the annual capital gains tax allowance.

Geared Ordinary Unit

As part of the Offer arrangements, S.G. Warburg Securities will use reasonable endeavours to procure placees for equal numbers of Geared Ordinary Units at 65.5p each and Zero Dividend Preference Shares at 34.5p each. The Geared Ordinary Unit is a composite trading unit consisting of one Income Share and one Capital Share. The Geared Ordinary Unit is designed to provide a high initial yield with the prospect of growing income and of capital growth. At the issue price of 65.5p, the Geared Ordinary Units will have a forecast initial gross dividend yield of 10 per cent based on the forecast annualised gross dividend of 6.55p per Income Share.

The table below sets out the gross redemption yields and the redemption values of the Geared Ordinary Unit at the end of the planned ten year life, assuming various annual rates of income and capital growth for the Company. The redemption values do not take into account the effects of different rates of capital gains tax payable by individual investors, nor of the availability of indexation relief and the annual capital gains tax allowance.

Geared Ordinary Unit

Asset and Income Growth Rates	0%	2.5%	5.0%	7.5%	10.0%	12.5%
Gross Redemption Yield	0.02%	4.69%	10.17%	14.53%	18.32%	21.78%
Redemption Value	0p	13.36p	45.08p	84.41p	132.94p	192.52p

Duration and rights on winding-up

The Company will have a planned life of approximately ten years. However, shortly before the end of this period, the Directors will examine means by which shareholders can effectively continue their investment and defer, if possible, crystallisation of liabilities to capital gains tax.

Under the Articles of Association, the Directors are obliged, unless absolved by a Special Resolution of the Company and by Extraordinary Resolution of each of the three classes of Share, to convene an extraordinary general meeting of the Company to be held on or immediately prior to 5th November, 2001 at which a resolution will be proposed to wind up the Company. As this proposal is designed to ensure that holders of the Zero Dividend Preference Shares and Capital Shares have an opportunity to realise their investment, those who vote in favour of the resolution will collectively be deemed to have such number of votes as is one more *than the number of votes necessary to carry the resolution.*

Should an offer be made to the holders of the Zero Dividend Preference Shares on or before 5th November, 2001, or a resolution be passed sanctioning a scheme of arrangement or other re-organisation which, in either case, would realise for the holders of the Zero Dividend Preference Shares an amount in cash at least equal to what they would have received on the winding-up of the Company on or immediately prior to 5th November, 2001, then they will be disenfranchised in respect of voting at meetings of the Company, including the meeting to be held on or immediately prior to *5th November, 2001 to consider the resolution to wind up the Company.*

Voting Rights

Except on resolutions relating to the winding-up of the Company (as described above) each class of Share will have the following voting rights.

Holders of Zero Dividend Preference Shares are not entitled to vote at General Meetings of the Company other than on any resolution for the alteration of any object set out in the Memorandum of Association of the Company or on any resolution varying or abrogating the rights attaching to their Shares or any resolution to wind up the Company (subject as provided above).

Holders of Income Shares and holders of Capital Shares are entitled to vote at General Meetings of the Company except that holders of Capital Shares are not entitled to vote on the declaration of dividends on the Income Shares.

Subject to the special voting rights on a winding-up (referred to above) where the holders of Shares are entitled to vote they each have one vote on a show of hands and one vote in respect of each Share held on a poll.

In addition, each class of shareholder will be required to approve by *Extraordinary Resolution*, passed at separate class meetings, certain proposals which would be likely to affect the position of the relevant class, including variation of the winding-up provisions.

Future Issues of Shares

The Directors have been given authority, expiring at the Company's first Annual General Meeting, to issue for cash new Package Units equivalent to five per cent of the Company's issued share capital following the Offer.

The terms of the M&G PEP will permit the PEP manager to apply monies *available for investment either in acquiring Package Units in the market,* or subscribing for new Package Units. The Directors intend to issue new Package Units comprised within such five per cent authority, to the manager of the M&G PEP upon receipt of valid applications, provided that the subscription price for such Units is equal to the market price and not less than the net asset value of the Package Units at the time of subscription.

INVESTMENT MANAGEMENT AND ADMINISTRATION

The Directors are responsible for the determination of the Company's investment policy and have overall responsibility for the Company's activities.

The Company's portfolio will be managed by M&G Investment Management Limited, investment managers of the M&G range of unit trust, life assurance and pension funds. M&G Investment Management Limited also provides investment management services to company pension funds, charities and other clients. Funds under management at 31st July, 1991 were £8.2 billion, including internal investments of approximately £1 billion.

M&G launched the UK's first unit trust in 1931 and its range currently includes four funds valued in total at *22nd August, 1991* at over £1.2 billion, investing mainly in UK equities and aiming to provide above average and growing income. Over ten years *three of these funds have performed above the median of UK equity invested* income unit trusts, including one in the top quartile (Source-Micropal).

The Company has entered into an investment management agreement with M&G Investment Management Limited for the management of its portfolio. Under that agreement M&G Investment Management Limited will receive an investment management fee equal to 0.75 per cent per annum (plus VAT), *of the net assets of the Company payable monthly in advance.*

DIVIDEND POLICY

The Directors intend that substantially all the income of the Company, after expenses and tax, will be distributed to the holders of the Income Shares. From time to time the Directors may retain a small amount of income in the revenue reserve with a view to producing an even and steady growth in dividends.

Annual accounts will be made up to 31st January in each year, and the Company's first accounting period will end on 31st January, 1993, a first accounting period of approximately 17 months.

In the absence of unforeseen circumstances, the Directors would expect to pay net dividends to holders of Income Shares, and therefore to holders of the Package Units and Geared Ordinary Units, by way of three interim dividends and one final dividend. It is intended that interim dividends will be announced in June, September and December, and be paid in July, October and January. The final dividend will be announced in March, for approval at the Annual General Meeting of the Company in April and payment also in April. For the period of approximately *twelve months from commencement of dealings to 31st October, 1992* four interim dividends will be paid, expected to total not less than 4.91p (net) per Income Share, equivalent to 6.55p (gross) per Package Unit and 6.55p (gross) per Geared Ordinary Unit. The first interim dividend will be paid after 5th April, 1992.

NON-EXECUTIVE DIRECTORS OF THE COMPANY

Lawrence Edward Linaker *(Chairman)* (57) Deputy Chairman and Group Managing Director of M&G Group P.L.C.

John Peter Allard (45) Director of M&G Investment Management Limited, Director of M&G Dual Trust P.L.C. and M&G Second Dual Trust P.L.C. Joined M&G in 1975. Manager of The M&G General Trust Fund since 1978 and The M&G High Income Fund since 1979.

Bryan Charles Hines (59) General Manager of ICI's Insurance and Investments Group.

Donald Charles Macpherson (59) Deputy Chairman of NatWest Investment Bank.

Neil McGowan Shaw (62) Chairman and Chief Executive of Tate & Lyle PLC.

Anthony Patrick Shearer *(42) Financial Director of M&G Group P.L.C.* and Managing Director of M&G Securities Limited.

PERSONAL EQUITY PLANS

Under current legislation, Package Units, Geared Ordinary Units and Shares will each qualify for inclusion in PEPs. The Company intends to manage its affairs so as to be a qualifying investment trust. Investors who are PEP managers will be able to purchase Package Units in the Offer for Subscription for the account of their PEP clients.

An investor may only subscribe to one PEP in each tax year. Applicants under the Offer for Subscription may, subject to the terms and conditions of the PEP, renounce or transfer up to £6,000 worth of Package Units or of Component Shares into a PEP provided the renunciation or transfer takes effect within 42 days of allotment. Allotment is expected to take place on 28th October, 1991 and on this basis the last day for renunciation or transfer into a PEP will be 8th December, 1991. A transfer of £6,000 worth of Package Units or Component Shares will represent the current maximum PEP subscription limit for one year.

Allotments made under the Placing may not be transferred into a PEP.

The attraction of a PEP is that returns from qualifying shares held within such a plan are free of income tax and capital gains tax. The current subscription limit to a PEP is £6,000, of which up to £3,000 may be used to purchase shares in qualifying investment trusts. The figure of £3,000 is increased to £6,000 in the case of applications by individuals for shares under an offer for subscription which are renounced or transferred into a PEP. In the case of a married couple, each spouse is treated separately, so that the couple can between them subscribe *a maximum of* £12,000 for renunciation or transfer into PEPs for the current tax year.

RISK FACTORS

General

Prospective investors should be aware that *the value of the Shares and the* income derived from them can fluctuate. In addition, there is no guarantee that the market price of shares in investment trusts will fully reflect their underlying net asset value. The net proceeds of the issue will be invested over a period following commencement of dealings. If stock market prices rise or fall significantly between 30th August, 1991 and the commencement of dealings the potential returns available to shareholders may differ from those forecast in the Listing Particulars.

Income Shares

Dividend growth on the Income Shares will depend on dividend growth in the underlying portfolio. Dividend cuts within the portfolio could result in the Income Shares yielding less in future years.

Zero Dividend Preference Shares

Although the Zero Dividend Preference Shares are entitled to the first distribution of assets on the winding-up of the Company, a fall in the value of the total assets over the life of the Company would result in a lower repayment than the projected *redemption value* at the end of the planned ten year life. Repayment at the projected redemption value at the end of the planned ten year life will require a compound rate of growth in the value of the assets over this period of 1.26 per cent per annum.

Capital Shares

The capital entitlement of the Capital Shares ranks behind that of the Zero Dividend Preference Shares and the Income Shares. The initial asset value of the Capital Shares is 59.95p each. The Company must achieve a growth in net assets averaging at least 6.01 per cent *per annum* in order *to be able to make a redemption* payment of this amount on 5th November, 2001. At rates of growth in the net assets of the Company of less than 1.27 per cent per annum, the redemption value of the Capital Shares would be zero.

The price performance of the Capital Shares during the life of the Company is likely to represent an amplification of the market movement of the underlying portfolio of the Company and it will therefore be particularly volatile.

THE OFFER FOR SUBSCRIPTION AND THE PLACING

The Offer for Subscription *is open for applications until 10.00 a.m. on* Thursday, 17th October, 1991.

As part of the Offer arrangements S.G. Warburg Securities will use reasonable endeavours to procure placees for Geared Ordinary Units at 65.5p per Unit and Zero Dividend Preference Shares at 34.5p per share. The Geared Ordinary Units and Zero Dividend Preference Shares will be placed in equal numbers. Applications under the Placing will, in effect, be satisfied by splitting Package Units into Zero Dividend Preference Shares and Geared Ordinary Units.

Neither the Offer for Subscription nor the Placing is underwritten.

Once dealings commence on 29th October, 1991, investors in the Package Units and in the Geared Ordinary Units will be able to exchange their definitive certificates through the Company's Registrars for certificates representing the relevant underlying Component Shares, which will be separately traded on the London Stock Exchange in addition to dealings in the Package Units and Geared Ordinary Units. It is not possible to exchange certificates representing the Component Shares for certificates representing Units.

The number of Package Units being offered has deliberately been fixed at such a level as to minimise the possibility of having to scale down applications. Accordingly, the number of Package Units being offered should not be assumed as indicative of the number of Shares which will be allotted.

Selling Commission

Authorised financial intermediaries will be paid 3 per cent commission in the event of a successful application under the Offer for Subscription in respect of *all* Application Forms bearing their stamp and SIB number.

National Westminster Bank PLC, the Receiving Bank, will collate the Application Forms *bearing the financial intermediaries' stamps and calculate the* selling commission payable which will be paid by the end of November, 1991.

Expenses of the Offer

In consideration of the provision by M&G Financial Services Limited of its services in connection with the Offer (including organising the mass mailings of the Mini Prospectus, personalised application forms and M&G PEP documentation) the Company will pay to M&G Financial Services Limited a fee of 4.76 per cent of the gross proceeds of the Offer.

As part of the services referred to above, M&G Financial Services Limited will pay to S.G. Warburg Securities 4.76 per cent of the proceeds of the Placing (out of which S.G. Warburg Securities will pay commission to placees). The Company will pay to S.G. Warburg Securities a corporate finance fee of £175,000 and an override fee of 0.5 per cent on the first £100 million raised, 0.25 per cent on the next £50 million and 0.125 per cent on the balance.

The overall cost to the Company of the Offer at various levels of subscription is as follows:-

Gross proceeds of Offer (£million)	*20*	*50*	*100*	*125*	*200*
Expenses payable by the Company (expressed as a percentage of gross proceeds)	6.76	5.86	5.56	5.45	5.28

TERMS AND CONDITIONS OF APPLICATION

1. The contract created by the acceptance of applications as set out herein will be conditional on (i) the admission of the Zero Dividend Preference Shares, the Income Shares and the Capital Shares, issued and to be issued under the Offer, to the *Official List of the London Stock Exchange and such admission becoming effective* in accordance with the London Stock Exchange's rules by no later than 29th October, 1991 (or such later date, not being later than 5th November, 1991 as the Company, the Manager and S.G. Warburg Securities may agree) and (ii) the Offer for Subscription and Placing Agreement referred to in the Listing Particulars becoming unconditional and not being terminated in accordance with its terms.

2. If any application is not accepted, or if any contract created by acceptance does not become unconditional, or if valid applications are received for fewer than 20 million Package Units (including equivalent applications under the Placing), or if any application is scaled down the application moneys or, as the case may be, the balance of the amount paid on application will be returned without interest by post at the risk of the applicant. In the meantime, application moneys will be retained by National Westminster Bank PLC in a separate account.

3. The Company reserves the right to present all cheques and banker's drafts for payment on or after 10.00 a.m. on Thursday, 17th October, 1991 and to retain documents of title and surplus application moneys pending clearance of the successful applicants' cheques or bankers' drafts.

4. By completing and delivering an Application Form you (as the applicant(s)):-

(a) offer to subscribe for the number of Package Units specified in your Application Form or any smaller number for which such application is accepted at £1 per Package Unit subject to the Listing Particulars, these terms and conditions and the Memorandum and Articles of Association of the Company;

(b) authorise National Westminster Bank PLC to send a document of title for the number of Package Units for which your application is accepted, and/or a crossed cheque for any moneys returnable, by post to your address (or that of the first-*named applicant*) as set out in your Application Form and to procure that your name (together with the name(s) of any joint applicant(s)) is placed on the register of members of the Company in respect of such Package Units;

(c) in consideration of the Company agreeing that it will not, prior to 5th November, 1991, offer any Package Units to any persons other than as set out in the Listing Particulars, agree that your application may not be revoked until after 5th November, 1991 and that this paragraph constitutes a collateral contract between you and the Company which will become binding upon despatch by post or delivery *of your Application Form duly completed to National Westminster Bank PLC;*

(d) warrant that your remittance will be honoured on first presentation and agree that if it is not so honoured the Company may (without prejudice to any other rights it may have) avoid the agreement to allot the Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof;

(e) agree that any definitive document of title and any moneys returnable to you may be retained pending clearance of your remittance and that such moneys will not bear interest;

(f) warrant that, if you sign the Application Form on behalf of another party or on behalf of a corporation, you have due authority to do so and undertake to enclose your power of attorney or a copy thereof duly certified by a solicitor or bank;

(g) agree that in respect of those Package Units for which your application has been received and processed and not refused, acceptance of your application shall be constituted, at the discretion of the Company, either (i) by notice to the London Stock Exchange of the basis of allocation (in which case such acceptance shall be on that basis) or (ii) notification of acceptance thereof to National Westminster Bank PLC;

(h) agree that all documents in connection with the Offer and any returned moneys will be sent at your risk and may be sent to you at your address (or, in the case of joint applicants, the address of the first-named applicant) as set out in the Application Form;

(i) agree that, having had the opportunity to read the Listing Particulars, you shall be deemed to have had notice of all information and representations contained therein;

(j) confirm that in making such application you are not relying on any information or representation other than those contained in the Listing Particulars or in the Mini Prospectus issued in connection with the Offer taken together with the Listing Particulars ('the prospectuses') and you accordingly agree that no person responsible solely or jointly for the prospectuses or any part thereof will have any liability for any such other information or representation;

(k) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances and contracts in any other manner permitted by law or in any court of competent jurisdiction;

(l) authorise National Westminster Bank PLC or S.G. Warburg Securities or any person authorised by them, as your agent, to do all things necessary to effect *registration of any Component Shares comprised within Package Units subscribed* by you into your name(s) and authorise any representatives of National Westminster Bank PLC or of S.G. Warburg Securities to execute any document required therefor;

(m) confirm that you have reviewed the restrictions contained in paragraph 6 below;

(n) confirm that you have read and complied with paragraph 5 below; and

(o) agree that your application for Package Units will remain valid even if you attempt to renounce or transfer them to a PEP which is subsequently voided or not *established.*

5. No person receiving a copy of the prospectuses or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as *to full observance of the laws of any relevant territory in connection therewith,* including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

6. The Package Units, the Shares and the Geared Ordinary Units have not been and will not be registered under the United States Security Act of 1933 and, subject to certain exceptions, may not be offered or sold in the United States. In addition, the Company has not been and will not be registered under the United States Investment Company Act 1940, as amended.

7. The basis of allocation will be determined by the Company. The right is reserved, notwithstanding the basis so determined, to reject in whole or in part and/or scale down any application. The right is reserved to treat as valid any application not in all respects completed in accordance with the Terms and Conditions of Application.

8. Save where the context requires otherwise, terms defined in the Listing Particulars bear the same meaning when used in these Terms and Conditions of Application and in the Application Form.

9. The dates and times referred to in these Terms and Conditions of Application may be altered by the Company so as to be consistent with the Offer for Subscription and Placing Agreement (as the same may be altered from time to time in accordance with its terms).

AVAILABILITY OF LISTING PARTICULARS

Lodging of Application Forms

Application Forms must be posted or delivered to the National Westminster Bank PLC New Issues Department, P.O. Box No. 33, 153/157 Commercial Road, London, E1 2DB or delivered by hand only to National Westminster Bank PLC New Issues Dept., 27 Old Broad Street, London EC2 in order that they arrive not later than 10.00 a.m. on Thursday, 17th October, 1991. Persons posting Application Forms are strongly advised to use first class post and allow at least two clear days for delivery.

Availability of Listing Particulars

Copies of Listing Particulars are available from S.G. Warburg Securities, 1 Finsbury Avenue, London EC2M 2PA, M&G Income Investment Trust P.L.C., Three Quays, Tower Hill, London EC3R 6BQ, M&G Financial Services Limited, M&G House, Victoria Road, Chelmsford, CM1 1FB, National Westminster Bank PLC, New Issues Dept., 27 Old Broad Street, London EC2 and National Westminster Bank PLC, New Issues Dept. P.O. Box 33, 153/157 Commercial Road, London E1 2DB until the offer closes on Thursday 17th October, 1991. Copies of Listing Particulars are also available from 12 regional branches of National Westminster Bank PLC, details of which can be obtained by telephoning M&G on 0245 266266.

Dated 30th August, 1991

APPLICATION FORM

M&G INCOME INVESTMENT TRUST P.L.C.

Applications and cheques must be received by 10.00am on 17th October 1991.

Please send the completed form to

National Westminster Bank PLC, New Issues Department, PO Box 33, 153-157 Commercial Road, LONDON E1 2DB

REGISTRATION DETAILS — **BLOCK CAPITALS PLEASE**

Title: Mr/Mrs/Miss/Ms/Other

Full Forenames

Surname

Permanent Address

Postcode

I/We offer to subscribe for ______ Package Units (see note 1 below) in M&G Income Investment Trust P.L.C. at the price of £1 per Package Unit on the Terms and Conditions of Application set out in the listing particulars dated 30th August 1991.

I/We enclose a cheque or banker's draft made payable to 'National Westminster Bank PLC A/C M&G Offer,' crossed 'Not Negotiable' for £ ______

Signature ______ Date ______ 1991

Pin your cheque or banker's draft here.

For joint applications please complete the following:–

SECOND JOINT HOLDER	THIRD JOINT HOLDER	FOURTH JOINT HOLDER
Title: Mr/Mrs/Miss/Ms/Other	Title: Mr/Mrs/Miss/Ms/Other	Title: Mr/Mrs/Miss/Ms/Other
Full Forenames	Full Forenames	Full Forenames
Surname	Surname	Surname
Permanent Address	Permanent Address	Permanent Address
Postcode	Postcode	Postcode
Signature	Signature	Signature

Note 1: Applications must be for round thousand Package Units ie. 1,000, 2,000, 3,000 etc.

Note 2: You may apply jointly with up to three other persons. Details should be completed for all joint applicants. Documents of title, return cheques and other correspondence will be sent to the first named applicant on the basis of registration details. A joint application cannot be renounced or transferred into a PEP.

(If you have a Financial Adviser, you should consult him before investing).

For office use only.

Professional Adviser if applicable	SIB No:
M&G Ref No:	

RKJM

M&G INCOME INVESTMENT TRUST P.L.C.

FINANCE AND THE FAMILY

The Focused Investor

Ten top tips on saving tax

AS Benjamin Franklin put it: "In this world nothing can be said to be certain, except death and taxes."

In spite of this dictum, many hate paying tax, and refuse to regard it as inevitable. This, unfortunately, can lead to some poor decisions.

There are worse fates than paying tax, and the government may well be a much more worthy recipient of your money than some of the financial operatives offering tax-sheltered investments.

If an investment makes no sense, the fact that it is tax-efficient should not matter.

However, remember that the introduction of independent taxation for husbands and wives, and the abolition of composite rate tax paid on bank and building society accounts, has made it much easier to avoid tax. If you are a non-taxpayer, quite a number of investments which do not have tax deducted at source will be very efficient for you.

The following products may suit if you regularly pay income or capital gains tax:

1 Personal Equity Plans – investing in equities
PEPs allow you to invest up to £6,000 in equities per year free of income or capital gains tax. From next year, you can take out an additional PEP with a limit of £3,000, which invests *only in one company*.

But beware of paying as much in charges as you would otherwise have paid in tax. PEPs are of most use if you are a higher rate taxpayer or if you accrue capital gains above the annual £5,500 threshold.

2 Personal Equity Plans – investing in collective trusts
These have more obvious applications for smaller investors, as they automatically spread risks. They also have lower charges.

The maximum investment per annum is only £3,000, except via a new issue, but for small investors these are an exciting option. If you wanted to invest in unit or investment trusts long term in any case, then it is foolish not to invest via a no-charge PEP.

3 Business Expansion Scheme companies – assured exit
The Business Expansion Scheme is undeniably very tax-efficient. For top-rate taxpayers the opportunities to shelter from tax are excellent.

Assured exit schemes invest in property, which is then converted into assured tenancy accommodation. You then receive tax relief at your top marginal rate – in other words, if you pay 40 per cent tax, you effectively are given 40 per cent of the investment for free. Assured exit schemes then contract to sell the property to with other companies at the end of five years. Rates on offer can be as high as 140p for every £1 spent.

Serious problems would arise if the company which had covenanted to buy back the property after five years went bankrupt in the interim. Maximum investment is £40,000.

4 Business Expansion Scheme companies - non-assured exit
These schemes aim to buy properties at cheap prices (caused by the current recession) and sell them for a profit in five years. The lack of an assured exit makes them much riskier than the covenanted buy-back schemes, as you may not be able to retrieve your money immediately after five years, but the potential for high returns is there. These are best looked at as attractive tax shelters for the very wealthy who do not mind taking a few risks. They are not for the small investor.

5 Friendly Societies
Highly tax-efficient on a small scale. Friendly societies are similar to life insurance companies, but it is possible, provided you invest no more than £18 per month or £200 per year, and keep saving for at least ten years, to put your money into a fund which pays no tax at all. No tax need be paid on the lump sum you receive at the end of the contract.

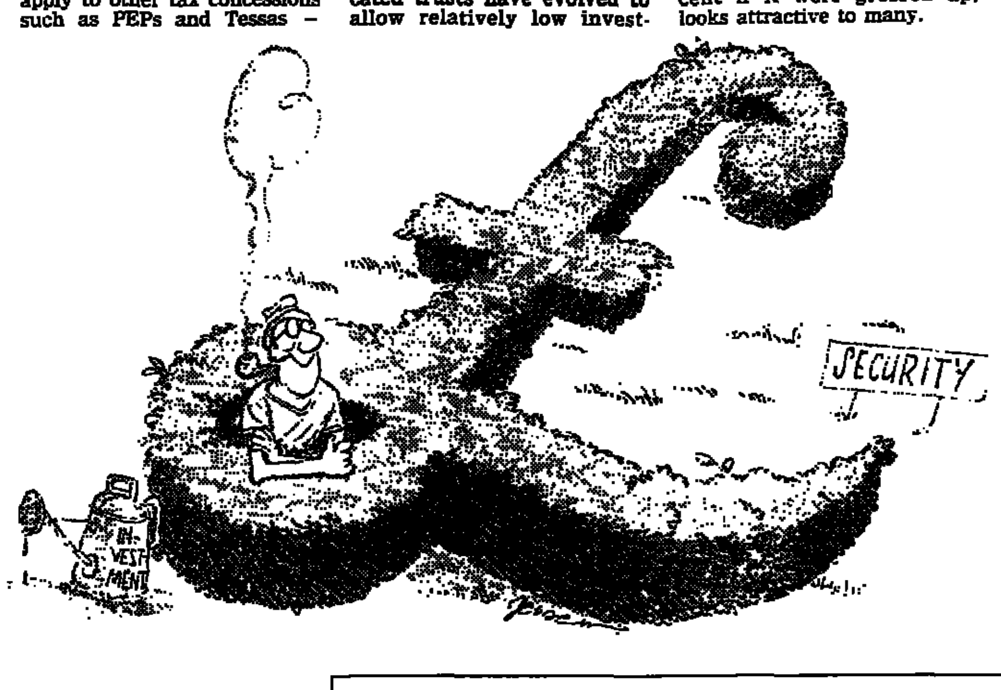
Children are also allowed to *hold friendly society bonds* – something which does not apply to other tax concessions such as PEPs and Tessas – which adds to the attractions.

Returns over ten years for the Tunbridge Wells Equitable Friendly Society's with-profit bond work out at about 14 per cent per annum tax free. For a 40 per cent taxpayer, that is the equivalent of a grossed up return of 23.33 per cent.

6 Enterprise Zone Trusts
This is arguably the greatest tax giveaway of all, for those wealthy enough to take advantage. Bear in mind, however, the inherent risks of commercial property investment, which are likely to be all the greater if the property is in a designated enterprise zone and thus in a run-down area.

There is no maximum limit on investment, although syndicated trusts have evolved to allow relatively low investments (the minimum for virtually every scheme is £5,000). As you should receive a rental yield in addition to any capital gain when the building is sold, the tax advantages could be substantial. However, there are a number of potential traps. Nobody has yet tried to sell a building owned by a trust, and it could be difficult for investors to unlock their money.

7 National Savings
Fixed interest investments could look good in the current economic climate, and National Savings offers just such issues free of all tax. You have to be prepared to wait *five years*, but the current rate on offer of 8.5 per cent (14 per cent if it were grossed up) looks attractive to many.



8 Index-linked National Savings
Their prime purpose is to guard against increases in inflation, and they guarantee a return, if held for five years, of *4.5 per cent above* inflation. Many economists now think this is going to be low for some time to come – the level needs to stay below 4 per cent for the fixed-interest issue to beat index-linked.

9 Tax-Exempt Special Saver Accounts
Tessas undoubtedly have a part to play in virtually everybody's financial plan. You can put in up to £9,000 over the five-year life of the account, and receive interest free of tax.

The problem is that you cannot withdraw any of your capital during the five years without losing the tax concessions. However, you can withdraw interest. As the net *interest should still* be competitive, there is no reason on grounds of tax-efficiency for taxpayers not to put money already earmarked for building society investment into a Tessa.

10 Endowment Policies.
Life assurance policies into which you make regular contributions over a period of at least ten years qualify for tax relief on the final pay-out. Those who pay capital gains tax, or income tax at the top rate, might therefore find them useful. They certainly allow you to invest much more than tax-free friendly society bonds.

Bear in mind that charges on life assurance products tend to be high, to pay for administration and the element of protection involved.

John Authers

Beating the taxman

How Eric Short got his wife to fight her tax demand

WHEN independent taxation was introduced, I followed the *advice* given by my former colleagues on the *Financial Times* and transferred our assets into my wife's name.

By the start of the tax year in April 1990, the money was invested in a deposit account with a bank in Jersey, a subsidiary of a well established City finance house, which pays interest gross.

My wife informed her local tax office about the investment, completed the tax return *(her first for decades) and paid* the tax assessment for 1990/91 well within the due date.

Imagine her surprise and chagrin when last week she received a tax demand from her local tax office for 1991/92 for twice the amount that she had paid just over three months previously.

Her sole income is the interest on this deposit account. Interest rates on this account have been falling in line with the general movement of UK *interest rates. If this trend con*tinues, she does not expect her interest payments for 1991/92 to exceed those received in 1990/91.

But her local tax inspector had assumed that her income would be increased by 25 per cent, apparently rounded up to the next £100, and charged her tax for the whole year for this amount, in spite of the fact that my wife has only received five months interest payments.

He even enclosed a paying-in slip and stamped addressed envelope to the Collector of Taxes, conveying the impres*sion, at least to my wife*, that everything was cut and dried and she had to pay the tax bill within the next few days. The warnings of the penalties for delay in payment were prominently displayed on the notice.

Fortunately, she read the information on the notice about the rights of the individual to both to appeal against the assessment and to apply for postponement of paying the tax. And that such appeals had to be made within 30 days.

She made her appeal setting out the reasons why the assessment was completely unrealistic and sought postponement of payment of any tax until the *end of the tax year on the* grounds that it was unfair to pay tax on income not received, that the amount could not be determined until the end of the tax year and that the amount of tax would be comparatively small.

However, she had to pay her own postage to send the appeal to her local tax inspector. There was no pre-paid envelope to enable her to send her appeal – again conveying the impression that all was settled.

When she eventually received a reply, she found to her alarm that the amount *postponed was described as* £00.00p and the full amount of tax was immediately due. On phoning the tax office to query this, a woman told me that she had entered the figures in the wrong columns. The amount due immediately was nothing; the tax was postponed.

The advent of independent taxation resulted in many thousands of women having the opportunity of holding significant assets and receiving a sizeable income in their own *name for the first time in* many years. It also meant having to deal directly with the tax inspector – a salutary experience.

But women in this position should not be frightened of the tax inspector, nor treat him as omnipotent and his tax demands as bills to be settled immediately.

The tax assessment should be checked to see if it is both accurate – if it is a final assessment based on a tax return – *or reasonable, if like* this latest demand it is an "estimate". And if there is any doubt, seek an explanation, after an appeal has been lodged.

Taxpayers have the right to appeal, but only within the 30 days of grace. After that, the assessment stands and if the tax paid turns out to be too great when the final assessment is made, the overpaid tax is returned, usually without interest.

THE BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Southdown BS	SuperSaver	0273 471671	Instant	£1	11.00%	Yly
Bradford & Bingley BS	Direct Premium	0345 247247	Instant	£1,000	11.50%	Yly
Britannia BS	Capital Trust	0800 636263	Instant	£2,500	12.15%	Yly
National Counties BS	90 Day A/C	0372 742211	90 Day	£20,000	12.15%	Yly
Chelsea BS	Option 90	0242 521391	90 Day	£50,000	12.25%	Yly
Chelsea BS	2 yr Option Bond	0800 272505	2 Year	£5,000	12.20%	Yly
Alliance & Leicester BS	Special Return	0533 717272	2 Year	£10,000	12.25%	Yly
TESSAs (Tax Free)						
National Counties BS		0372 742211	5 Year	£3,000	13.75%	Yly
Lambeth BS		071 928 1331	5 Year	£20	13.40%	Yly
Cheshunt		0992 26261	5 Year	£1	13.50%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.00%	Yly
UDT	Capital Plus	0734 580 411	Instant	£1,000	9.90%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	11.20%	Yly
				£25,000	11.70%	Yly
Northern Rock BS	Current A/C	091 285 7191	Instant	£25,000	10.71%	Mly
OFFSHORE ACCOUNTS (Gross)						
Portman Channel Islands	Channel Isls Acc	0481 822747	Instant	£1,000	10.70%	Yly
Yorkshire BS Guernsey	Key Access	0481 719898	Instant	£25,000	11.40%	Yly
C & G Channel Islands Ltd	Guernsey Gold	0481 715422	Instant	100,000	12.00%	Yly
Yorkshire BS Guernsey	Key Extra	0481 719898	180 Day	£50,000	12.50%	Yly
Bristol & West Int Ltd	Int Bond II	0481 720609	30.11.92	£25,000	12.00%	OM
				£50,000	12.25%	OM
GUARANTEED INCOME BONDS (Net)						
General Portfolio FN		0279 462839	1 Year	£20,000	8.60%	Yly
Canterbury Life FN		0227 457375	2 Year	£5,000	8.75%	Yly
Prosperity Life FN		0800 521 546	3 Year	£2,000	8.75%	Yly
Providence Capitol FN		0256 768888	4 Year	£25,000	8.90%	Yly
Providence Capitol		*0256 768888*	*5 Year*	*£25,000*	*9.30%*	*Yly*
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	10.25%	Yly
	Income Bonds		3 Month	£2,000	11.00%	Mly
	Capital Bonds C		5 Year	£100	11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% +Infln	OM
	Childrens Bond F		5 Year	£25	11.84%	OM

All rates (except Guaranteed Income Bonds) are shown Gross
* = Gross Equivalent Rate. Fixed = Fixed Rate All other rates are variable. OM = Interest paid on maturity. N = Net Rate. B = Bond
Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walsham House, Stalham, Norwich.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Barclays	104,000	489	1
Brabant Resources	50,000	56	1
Courtaulds Textiles	26,500	113	4*
D Mail & Gen Tst A	2,500	118	1
Dixons	122,400	326	1*
Exterprise Oil	14,023	73	1
Fairey	20,000	62	1
Fairline Boats	50,000	259	1
MTM	1,250,000	3,088	1
P & P	200,000	188	1
Persimmon	5,000,000	14,250	2
Portals	100,000	388	1
Radius	130,400	59	1
Rank Hovis McDoug	20,000	60	1*
Rolfe & Nolan	150,000	264	1
Rotork	13,386	38	1*
Slough Estates	62,392	170	1*
Swallowfield	30,000	50	1
T T Group	800,000	1,496	2
Tiphook	182,143	877	1*
Trafalgar House "A"	1,000,000	2,380	1
Unigate	42,022	134	1
Wates City ofLondon	50,000	66	1
Watson & Philip	20,000	70	1
PURCHASES			
Abbey Panels	7,425	35	1
Caird	45,500	48	7
Costain	20,000	22	1
Goodhead	140,000	50	1
Suter	59,400	75	2
Unit Group	55,000	26	2
Wood (SW)	172,455	59	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £20,000. Information released by the Stock Exchange 9 - 13 September 1991.

Source: Directus Ltd, Edinburgh

Directors' Transactions

THE directors of Caird Group have featured four times in this column, once selling in June last year at 205p, and then buying in December at 43p, April at 60p and then the whole board once more picking up stock at 105p. Severn Trent made a bid for Caird in October last year and retains a 29.9 per cent stake.

The directors of S W Wood *have been picking up stock* over the last year, with this recent purchase by Julian Taylor a significant amount. The group is effectively a shell company, making its first meaningful purchase in the packaging sector in August.

The number of director sales is so large this week that we have excluded transactions worth less than £20,000. Duncan Davidson and his wife, of house builder Persimmon, have raised £14.25m through the sale of shares while retaining almost 20m shares. This is one of the largest director sales seen for some time.

Nigel Broackes recently switched his entire Trafalgar House holding from ordinary *to the "A" shares, issued at* the time of the bid for Davy Corporation. He has now reduced his holding by a third.

Angus MacDonald, Directus Ltd

Week ahead
Building gloom

More very gloomy news is expected from the construction and building materials sector next week coming hard on the heels of the depressing results and outlook presented last Thursday by RMC, the world's largest concrete producer.

Tarmac, the Wolverhampton-based group, will be the centre of attention when it reports on Tuesday. Its involvement in materials and construction in the US and UK "is just a nightmare," said one analyst.

Forecasts for its interim pre-tax profits to June run from around £35m on down against £97.8m a year ago.

Its comments on the current *half* will be closely monitored as will its high gearing and thin interest cover.

Heavy involvement in poor US construction markets such as Virginia and Florida and UK house building are just two of its weak areas.

Interim results of Ibstock Johnsen, the brick and tile maker, will be just just as battered on Thursday. Forecasts range from a small profit to a loss against £22.2m pre-tax profit a year earlier.

Redland, reporting on Thursday, should be somewhat more encouraging.

Underpinned by its foreign markets, particularly Germany, it is likely to report interim pre-tax profits of around £75m (£108m).

The interim reporting season takes something of a breather next week. FT-SE 100 stocks are thin on the ground although a raft of medium and small companies are producing *their results.*

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Adwest Group	Friday	1.25	5.75	1.25
Alliance Resources	*Monday*	-	-	-
Armour Trust	Friday	0.27	1.07	0.30
Baillie Gifford Japan Trust	Wednesday	-	-	-
Barratt Developments	Thursday	3.21	5.79	3.21
Brent Chemicals Intl.	Tuesday	1.60	5.80	-
Bryant Group	Monday	1.40	3.40	1.40
Cornwell Parker	Wednesday	1.60	3.90	1.60
Courtyard Leisure	Monday	-	0.50	-
Dana Exploration	Friday	-	-	-
Elsco Hldgs.	Thursday	2.30	3.90	2.30
Everest Foods	Tuesday	2.00	4.00	2.20
Frogmore Estates	Thursday	2.90	9.40	3.20
G.T. Japan Investment Trust	Monday	0.40	0.75	0.40
Gent S.R.	Wednesday	1.25	1.75	1.25
Goodwin	Friday	-	0.60	-
Hays	Tuesday	1.15	2.35	1.30
Hidong Estate	Thursday	-	-	-
Lloyd Thompson	Monday	2.30	5.20	2.70
MAI	Monday	1.40	3.60	1.40
Mucklow (A & J)	Tuesday	2.23	2.90	2.56
Oceonics Group	Wednesday	-	-	-
Polypipe	Monday	1.10	2.40	1.20
Sinclair Goldsmith	Friday	1.50	1.50	1.00
Sunset & Vine	Tuesday	1.50	2.00	1.50
Throgmorton Dual Trust	Thursday	2.75	6.00	1.75
Unigroup	Monday	-	-	-
INTERIM DIVIDENDS				
Antofagasta	Thursday	6.00	13.00	-
Aran Energy	Friday	-	-	-
BHH Group	Monday	1.00	-	-
BSG Intl.	Wednesday	0.70	2.50	-
Billam (J.)	Monday	1.64	2.40	-
Bilston & Battersea Enamels	Thursday	1.75	1.25	-
Boddington Group	Wednesday	2.15	3.85	-
Brown & Jackson	Friday	0.60	1.30	-
Bullers	Friday	-	-	-
Burns Anderson	Friday	-	-	-
Central Independent TV	Friday	7.50	21.00	-
Clarkson (Horace)	Thursday	2.75	5.25	-
Clayform Properties	Friday	2.00	-	-
Clifford Foods	Wednesday	4.00	7.00	-
Dagenham Motors	Wednesday	1.75	4.00	-
Dencora	Wednesday	-	5.50	-
Dunloe House	Tuesday	-	-	-
ECC Group	Monday	6.60	13.00	-
EFM Income Trust	Wednesday	-	-	-
Edinburgh Fund Managers	Monday	4.20	7.30	-
Enterprise Computer Hldgs.	Wednesday	1.00	1.50	-
Evered Bardon	Friday	1.93	3.86	-
Fired Earth Tiles	Wednesday	1.62	2.40	-
Fortnum & Mason	Monday	6.00	84.0	-
Garton Engineering	Tuesday	1.75	5.25	-
Geest	Wednesday	3.25	3.75	-
Hawtal Whiting Hldgs.	Monday	-	4.00	-
Hay Norman	Thursday	0.50	0.64	-
Henderson Highland Trust	Tuesday	1.31	1.31	-
Hibernian Group	Monday	1.75	3.45	-
Hogg Group	Wednesday	3.00	5.00	-
Holt Joseph	Tuesday	8.00	23.00	-
Ibstock Johnsen	Thursday	2.25	3.75	-
Johnston Press	Wednesday	1.75	3.25	-
Jove Investment Trust	Tuesday	3.45	4.20	-
Lloyd Thompson Group	Monday	2.70	5.20	-
Malaya Group	Thursday	-	-	-
Mayborn Group	Tuesday	1.30	2.50	-
Meggitt	Tuesday	1.10	2.31	
Metalrax Group	Monday	1.00	2.84	
Microvitec	Friday	0.10	0.20	
More O'Ferrall	Friday	3.20	10.00	
PFG Hodgson Kenyon Intl.	Monday	1.20	1.50	
Redland	Thursday	8.25	16.75	
Ricardo Intl.	Wednesday	1.90	3.80	
Ross Group	Tuesday			
Rutland Trust	Tuesday			
Schroders	Monday	0.27	0.83	
Spirax-Sarco	Monday	4.00	10.00	
T & S Stores	Wednesday	2.70	8.00	
Tarmac	Wednesday	2.00	3.00	
Travis Perkins	Thursday	3.00	5.25	
United Newspapers	Tuesday	2.50	5.50	
Vickers	Thursday	7.50	13.50	
Whatman	Tuesday	3.70	6.20	
Wolstenholme Rink	Thursday	2.80	5.25	
World of Leather	Tuesday	6.30	10.00	
Yule Catto	Thursday	2.00	2.70	

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated					
Apollo Watch	3*	2¾	2¾	1.52	Time Products
Beazer	120½§§	118	83	339.14	Hanson
Capero Inds.	64*§	62	47¼	12.24‡	Capero Group
Carbo	242§§	238	230	31.35	Hopkinsons Grp.
Copson (F.)	36*	36	35	4.43	Precis
Cramphorn	117	116	81	19.30	Wyevale Gdn.
Douglas (R.M.)	533	508	520	82.55	Tilbury Grp.
Food Inds.	Ir151.0♥	Ir142	Ir135	Ir58.21	Greencore
Hawker Siddeley	731§§	748	640	1.45bn	BTR
Interlink Exp.	311*	306	300	50.54	Mayne Nickless
Invergordon	225*	257	163	286.28	Whyte & Mackay
Macarthy	250	281	168	68.85	Grampian Hldgs.
Macarthy	293§§	281	255	80.64	Lloyds Chemists
Racal Elect.	50½§	55	51	689.42	Williams Hldgs.
Rockware	103*	105	59	176.87	BTR
Sovereign Oil	150*§	143	103	84.27	Neste Oy
Torday Carlisle	89½§	93	64	13.47	Dowding & Mills
Tyndall Hldgs.	56§§	54	49	31.22	Jupiter TM

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30pm prices 20/9/91. †At suspension. §§Shares and Cash. ‡ For 20.6% not already owned. ♥Approximate average value, assuming each shareholder elects to take up full pro rata entitlement of the Convertible Alternative. Offer comprises two parts: 1)Ir£1.468 cash; 2) a 9½% Convertible Loan Stock Alternative 1995 (conversion price 270p) on the following basis: in lieu of every Ir£1.00 of cash under the offer- Ir£1.00 nominal amount of Greencore Convertible.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
AB Elect.	Jun	6,270L	(11,130)	-	(28.4)	0.1	(17.5)
Cala	Jun	6,940L	(3,780)	15.1L	(6.81)	2.25	(2.25)
Community Hospitals	Jun	5,810	(5,700)	15.6	(16.5)	3.8	(3.3)
Dalgety	Jun	110,000	(118,100	16.9	(16.9)	11.35	(11.0)
Dowding & Mills	Jun	8,420	(11,720)	4.09	(5.96)	1.52	(1.38)
Ernest Green	Jun	2,150	(3,210)	18.1	(25.6)	4.25	(4.25)
FII Group	May	7,150	(8,750)	33.5	(40.2)	7.75	(7.25)
Gabicci	Jun	1,430	(1,350)	8.8	(7.9)	2.85	(2.6)
Ivernia West ⚘	Mar	139L	(385L)	0.49L	(1.69L)	-	(-)
Kleinwort Dev. Fund *	Jul	718	(652)	11.88	(10.8)	9.5	(6.6)
Logica	Jun	3,680	(8,820)	1.6L	(6.7)	2.35	(2.3)
Scholes Group	Jun	4,580	(5,770)	8.5	(11.2)	3.4	(5.22)
Second Alliance*	Jul	6,960	(6,460)	36.1	(33.6)	23.5	(22.0)
SelecTV	Mar	203	(442L)	0.29	(0.69)	-	(-)
SWP Group	Jun	826	(1,260)	2.2	(3.1)	0.6	(0.6)
Thomas Walker	Jun	55	(289)	0.38	(3.36)	0.7	(1.22)
Waterman	Jun	113	(3,440)	0.2	(11.4)	1.0	(4.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
APV	Jun	14,500	(24,600)	2.0	(2.0)
Abbott Mead Vickers	Jun	1,900	(2,100)	2.8	(2.7)
Acsis Group	Jun	1,320 L	(5,750)	-	(0.4)
Alexander Proudfoot	Jun	23,800	(23,300)	6.0	(6.0)
Alexander Russell	Jun	908	(1,290)	1.0	(1.0)
Alumasc	Jun	5,850	4,850	6.8	(6.15)
Appleyard	Jun	1,510	(4,600)	2.6	(2.6)
Asda Property	Jun	3,020	(1,040)	0.65	(0.6)
Baynes (Charles)	Jun	34,100	(25,600)	5.0	(4.0)
Bemrose	Jun	1,610	(1,663)	4.3	(4.3)
Bentalls	Aug	207	(301)	0.6	(0.6)
Beradin	Jun	58	(44)	-	(-)
Blockleys	Jun	852	(2,040)	1.95	(1.95)
Boustead	Jun	1,040	(2,450)	0.35	(0.55)
Bowthorpe	Jun	21,300	(23,700)	1.7	(1.62)
Brake Brothers	Jun	6,950	(6,300)	1.85	(1.5)
British Polythene	Jun	4,530	(4,060)	3.0	(3.0)
Brixton Estate	Jun	11,700	(10,000)	2.9	(2.66)
CI Group	Jul	1,690	(3,750)	0.825	(0.825)
Calor	Jun	32,700	(18,900)	6.0	(6.0)
Christies	Jun	3,000	(40,100)	2.3	(2.3)
Clyde Petroleum	Jun	4,660	(3,430)	0.5	(0.5)
Colorgraphic	Jun	307 L	(1,250)	-	(-)
Comac	Jun	187	(66L)	-	(-)
Co-Operative	Jun	700	(5,500)	-	(-)
Davis Service	Jun	7,000	(10,000)	2.73	(2.73)
Ecu Trust*	Jun	506	-	1.0	(-)
Elys	Aug	203	(318)	1.5	(1.5)
FBD Holdings ⚘	Jun	4,430	(4,050)	1.6	(1.3)
Filofax	Jun	613 L	(2,070)	-	(-)
Fisons	Sep	95,200	(90,200)	3.3	(2.85)
Fitch-RS	Jun	680 L	(500)	-	(1.5)
Folkes	Jun	850	(1,270)	0.575	(0.55)
Goal Petroleum	Jun	3,690	(1,802)	-	(-)
Golden Vale ⚘	Jun	7,310	(5,320)	0.42	(0.38)
Guinness	Jun	350,000	(322,000)	6.1	(5.4)
Hawker Siddeley	Jun	57,500	(66,600)	10.0	(10.0)
Hewitt (J.)	Jun	219	(415)	1.0	(1.0)
Highcroft	Jun	420	(374)	1.65	(1.5)
Huntleigh Technology	Jun	932	(684)	1.75	(1.25)
Inchcape	Jun	91,300	(95,600)	5.0	(4.8)
James Fisher	Jun	1,950	(2,690)	2.0	(2.0)
Jeyes Group	Jul	1,760	(1,480)	2.6	(2.2)
Kingfisher	Aug	62,500	(65,400)	4.0	(3.8)
Kwik-Fit Hldgs.	Aug	16,800	(10,100)	1.35	(1.10)
Laporte	Jun	50,300	(52,500)	6.8	(6.4)
London Forfaiting	Jun	6,610	(3,330)	2.625	(2.625)
Lopex	Sep	916 L	(3,410)	-	(2.9)
MB-Caradon	Sep	47,200	(53,400)	2.75	(2.75)
Magnolia	Jun	273	(501)	1.75	(1.75)
Medeva	Sep	4,020	(522)	0.5	(-)
Merivale Moore	Jun	615	7,370	7.75	(7.75)
Metsec	Jun	285L	(2,300)	2.7	(2.7)
Morgan Crucible	June	28,500	(26,600)	5.75	(5.49)
Morrison (William)	Aug	27,000	(21,800)	0.4	(0.35)
North Sea Assets	Jun	871	(590)	-	(-)
Olives Hldgs.	Jun	534	(261)	3.0	(3.0)
Quicks	Jun	368	(1,700)	1.0	(2.0)
RMC	Jun	69,900	(109,300)	6.6	(6.4)
Ransomes	Jun	767 L	(7,470)	-	(2.05)
Ratner	Sep	17,700L	(9,300)	2.4	(2.4)
River & Mercantile	Aug	253	(327)	1.9	(1.8)
Rugby	Jun	27,400	(34,500)	2.65	(2.65)
Secure Trust	Jun	3,130	(2,720)	3.5	(3.0)
Sema Group	Jun	6,570	(7,180)	1.0	(0.9)
Sharpe & Fisher	Jun	438 L	(853)	1.5	(1.5)
Sindall (William)	Jun	492	(682)	1.5	(1.5)
Spandex	Jun	2,160	(2,210)	1.9	(1.75)
Spring Ram	Jul	16,300	(13,000)	0.086	(0.072)
Steg Furniture	Jun	932	838	2.5	(2.0)
Steel Burrill Jones	Jun	5,290	(4,730)	4.25	(4.0)
Sun Life	Jun	729,000	(493,000)	14.0	(14.0)
Telemetrix	Jun	2,000	(1,530)	-	(-)
Tesco	Sep	229,600	(187,900)	2.0	(1.65)
Thompson Clive Inv.	Jun	354	(365)	-	(-)
Tibbett & Britten	Jun	6,340	(5,400)	3.4	(2.9)
Trinity Intl.	Jun	6,930	(9,100)	2.6	(2.6)
Unichem	Jun	9,580	(7,180)	1.7	(-)
United Friendly	Jul	7,760	(6,990)	4.2	(3.5)
Walmoughs	Jun	2,600	(5,060)	2.5	(2.5)
Worcester Group	Jun	1,060	(2,010)	1.33	(1.33)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.
*Net Revenue ⚘ Irish punts

RIGHTS ISSUES

British Polythene Industries is to raise £15.4m via a 2/9 (313/3000 Cnv. Prf. *Shs.) rights issue at 285p*
Crown Communications is to raise £4.5m via a 3/8 rights issue at 45p

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

M & G Income Investment Trust is to raise up to £500m via Zero Div. Prf. shares, Income shares and Capital shares.

FINANCIAL FOCUS: PROPERTY

*Who are the winners and losers in the boom-to-bust homes casino? Should first time buyers now take the plunge? Why have some country estates halved in value since 1989? **John Brennan** examines four sectors in a market still suffering from a crisis of confidence*

Premium Properties

Ozleworth Park, Gloucestershire, a nine bedroom Grade II listed house with 300 acres, was sold for more than £5m in 1989. This year it went for £2.25m

BOUGHT for more than £5m in 1989 **SOLD for £2.25m in 1991**

Hard time for the nouveau riche

THE RICH are different, and the market for their homes operates in a different way from any other.

In the first place, a far higher than average proportion of British town houses and country estates traded for several million pounds a time are bought and sold by international owners. In London, large tracts of Mayfair, Knightsbridge and Belgravia, as well as some of the most expensive neighbourhoods in St John's Wood, Regent's Park and Hampstead and Highgate, are truly cosmopolitan. In the country, the level of international buyer competition for important houses and estates tends to relate to their proximity to Heathrow Airport.

Britain's political stability, its language and its position as a convenient base for international trading has made it the first choice for second homes for the world-wealthy.

The wealthier the buyers the more likely they are to appreciate a good deal. Consequently, the comparatively poor performance of sterling on the international exchanges adds to the appeal of a home in Britain.

Once established in Britain, these premium-priced second home buyers join those wealthy domestic owners who constitute a small but influential market-within-a-market for the most expensive properties. In an age before air travel opened to the mass market they would have been summed up as the "jet set".

This inner market trades or collects homes for any number of reasons unconnected with either personal accommodation needs or cost. Corporate and individual status is an important influence on demand. Many of the largest privately-owned town and country houses are "corporate embassies" rather than private residences. The quality, size and location of the property justifies its cost *in terms of the confidence-building effect* it has on business contacts. Many have distinct areas used as the family flat – *the home within the house, staff* accommodation, quasi-office space and areas for business entertainment.

Comparisons in price between these and normal family houses are as misleading as comparisons between, say, a Volvo and a Rolls-Royce. Both represent quality transport, but the statement made *by having a Spirit of Ecstasy on the* bonnet justifies a premium that would be hard to justified in terms of accommodation, comfort, speed, or comparative resale values.

Creating the right image is critically important for most premium-property buyers. That has been well illustrated recently by a distinct reshuffle, especially in the country, of business leaders trading down from overtly grand stately homes *bought in the 1980s to more modest*, yet similarly expensive, quality properties. The stately homes made too raucous *a statement for their more cost-conscious* corporate images in the 1990s.

Fashion has a profound impact on this market as well. There is a steady turnover of super-priced homes as owners are beguiled by the latest work of a fashionable interior decorator or residential developer. Wealthy owners *trade in the old model for the new, much* as they might exchange cars, and with much the same frequency.

Other owners extend to houses their enthusiasm for collecting. Every top estate agency has its own "black book" of possible buyers to contact when a good example of a particular property type becomes available. Now that a complete set of 18th century dining room furniture can cost more than the house it was made *for, collectors' interest in the top slice* of the very best properties is not as fanciful as it might first appear to the *average homebuyer.*

However different the market, values at the extreme upper end of the UK housing stock are as sensitive to the economic climate as any of their less expensive neighbours. In the 1980s, a combination of sharply rising corporate profits, the rush of high priced international takeovers of traditional City of London partnerships and director-owned companies, and the greater ease with which the owners of growth companies could cash-in their founder-equity on the UK's new secondary stock markets, created a fresh generation of cash-rich quality homebuyers.

Several hundred new-minted UK millionaires, who were not shy of supplementing their cash with heavy company-secured borrowings, joined the lists of premium-property buyers with an inevitable upward pressure on prices.

In the past two years that influx first halted and then moved into reverse as a fair number of 1980s winners ended the decade over-geared and vulnerable to recession. They have been forced to trade down andout of the premium market at much the same time as the one-off residential developers, which specialise in refurbishing individual homes for wealthy fashion-conscious owners, have been squeezed from the market by high financing costs.

In any normal market, the loss of those buyers would drag down the averages of both asking and achieved prices for equivalent properties. There is clear evidence of that in the £1m to £3m town property range, where UK buyers predominate. Cash problems, often compounded by health or marital crises, have resulted in more people wishing to trade down at a time when few are willing to trade up. The resultant oversupply of this bottom layer of super-price properties has forced dramatic reductions in asking prices where owners have no choice but to sell, and an overhang of unsold homes that no longer justify the £1m plus price tags they acquired in late 1980s.

Above that, in the exclusive market for multi-million pound houses and estates, quality still determines price *without undue reference to the state of* the UK housing market as a whole. There may be fewer home-grown multi-millionaires competing for the best houses and estates. But it takes only two to make a market and there is a world of potential buyers for Britain's top homes.

First Time Buyers

Lower prices but fewer options

A ONE THIRD reduction in interest rates, a crude average fall of 10-plus per cent in achieved sale prices for houses, and a 7 per cent increase in average salaries in the past year combine to make the relative costs of buying a home some 40 per cent lower than in 1990.

That is the potent "affordability cocktail" mixed by Tony Sharey, chairman and chief executive of Royal Insurance's William H. Brown network. He hopes it will encourage the window-shoppers at his estate agency offices to become buyers.

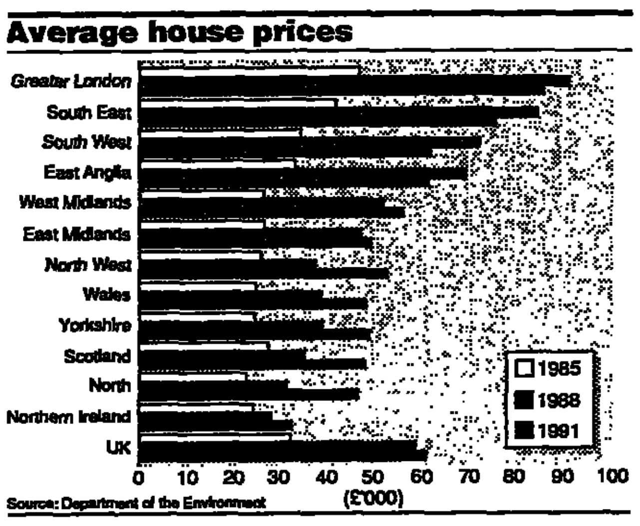
At much the same time, Jim Birrell, chief executive of the Halifax Building Society, reported a four-times increase in bad debts on home loans and record provisions against prospective repossession costs. He also confirmed that the society was standing back from the market, allowing its share of new mortgages to decline and ending 100 per cent lending because of concern about the effects of unemployment.

These two views summarise the case for and against prospective first time buyers entering the market now. Across the UK, employment worries act as the antidote to *cost reductions*. "Confidence", that ill-defined but critical factor, has been badly shaken by *events* of the past few years.

First time buyers underpin the rest of the market, enabling existing owners to sell and move and providing housebuilders, directly or indirectly, with a market for new homes. In its most recent model of the housing market the London Business School estimated that as much as 20 per cent of the price rises in the 1980s could be attributed directly to the excess of buying pressure over housing supply as young adults from the 1960s and early 1970s "baby boom" reached household–formation age.

The decline in the birth rate from the mid–1970s means fewer young adults and, consequently, fewer first time buyers, in the 1990s. Or it would do, but for rising divorce figures and *changed social* attitudes. A rising total of 150,000 divorces each year translates into *one* and a half times that number of new households, since roughly half of the newly *separated* couples set up home on their own while the rest make new pairings.

Average house prices



Source: Department of the Environment

Strip out the homes these divorced people leave and that is a net addition of 75,000 properties a year to the new households being formed, many of them by first time buyers from across the age ranges. On its own that additional demand is enough to absorb more than half the new homes due to be completed this year.

Add to that the new prospective buyers created by the continuing reduction in the average size of households in the UK and the clearest forecasts all cluster around figures of a net additional demand for 200,000 homes a year until the mid-1990s, with a year by year reduction thereafter until the century's end.

There is a need for 100,000 extra low-cost homes each year

Without a transformation of the rental market and the revival of renting as a realistic option for more people, those new households in search of a house have little choice but to join the queue of *first time* buyers.

How they afford to get out of the *queue and into a home is a* moot point. Shelter, the national campaign for the homeless, *sees a need for* 100,000 extra low–cost homes each year for the next five years just to absorb existing accommodation needs.

The House–Builders' Federation and the Association of District Councils estimate that, without substantial re–investment in new homes for rent, shared–ownership schemes and other forms of social–subsidised housing will be the only way to make it possible for the three-quarters of would-be new householders to afford a roof over their heads.

More than 100,000 repossessed properties priced low to achieve quick sales is not what the housing action groups envisaged when they drew attention to the need for more low–cost housing. Even if such sales do draw some first timers into the market it is at the expense of an equal number of reluctant exiles from the sector.

Equally, the evidence of a paper–mountain of repossession orders clogging up the country's courts is not the most positive encouragement for those considering committing their savings, and much of their future earning power, to bricks and mortar.

The curious truth is that without fresh housing initiatives, home ownership may well remain the only practical option for those who can just afford to get on to the bottom rung of that famous *notional "housing ladder"*. Only those with better incomes, or with the *opportunity to tap parental* funds, have a realistic choice of buying or renting somewhere *of equivalent quality.*

The lack of housing options for those below the home-ownership affordability level, and without the money to pay open-market rents – the first timers without choice – represents the shape of the housing crisis in the 1990s.

Would have been £1.3m-£1.5m in '89

Now on sale for £900,000+

Retirement Homes

The quality gap

SIMPLE arithmetic ought to make retire*ment homes the ulti*mate recession-proofed sector of the housing market. *The increasing number of* elderly home owners might suggest that demand for purpose-built homes would be very strong. Yet sales of all but the highest quality homes are sluggish, and they lean heavily upon developers' special price offers, deep-discounted loan offers and other incentives.

Potential demand for retirement properties depends less on the ageing of the UK population than on the increased number of older people with an existing home to sell. Forty years ago only 20 per cent of the over-50s were owner-occupiers. By 1970 that figure was 48 per cent. It has since risen to 64 per cent, with 50 per cent of the over-65s owning their own homes.

In 7.3m homes the head of the household is over 60; in 3m the head is over 75. By 2000 the comparable number of house owners over 60 will have risen by a quarter and the number over 75 by 10 per cent.

Set against those figures the supply of purpose-built homes for the retired is insignificant. To rehouse all the potential older homeowners some 600,000 sheltered homes would need to be built each year to the end of *the century. However, no more* than 50,000 such homes have been completed since the mid-1980s.

Why, then, are pensioners not queueing to purchase what the Builders' Federation defines as homes "purpose built or converted exclusively for sale to elderly people with a package of estate management services which consists of grouped, self-contained accommodation with an emergency alarm system, usually with communal facilities and normally with a resident warden"?

Guy Mossop, a founder director of Beechcroft Estates, one of the few specialist companies concentrating on high-quality retirement homes costing from £100,000 to £250,000 or more, confirms the sector's bad image. "The term 'sheltered housing' conjures up images of nursing homes or meals-on-wheels; and buyers dislike the idea of communal living."

Companies such as Beechcroft create good-sized, high specification homes designed to minimise household management problems without any impression of the site being an old-people's "ghetto". But quality of this type is rare.

In the past few years even those *who would like to trade* across have been caught by the slow-down in sales and the slide in resale values of their existing houses. Unlike home movers trading across or up the market who can treat any reduction in their own home's *resale value as an opportunity* to make savings on the new home, "last-time" movers are *acutely sensitive to resale* values. Older homeowners who viewed 1987-88 peak resale *prices for their home* as an opportunity both to buy a retirement property and to release *capital* have seen that hoped-for level of free-capital fall with prices.

This cash disincentive and a general reluctance to anticipate the problems of ageing are the two most important reasons why demographic pressure has yet to translate into sales or more manageable homes. Given the sluggish sales of purpose-built retirement homes it is hard to forecast the shape of this market in the 1990s. What market evidence there is weighs heavily in favour of the extremely limited number of higher quality "serviced housing" schemes.

In these developments occupiers tend to be *self-selected by* price. The most common complaint on these schemes is that many retirees wished *that they* had made the move earlier. These are the owners who have traded *down to a final* home without trading down their standards of housing. *They are, and look like remaining*, the minority in a sector where the advancing age of *customer is still widely* treated as an excuse to prodnce a second-rate product.

10 Egerton Terrace, SW3, a three bedroom town house, is priced £900,000. Chesterfield sold four similar properties for £1.3m to £1.5m in 1989

New Homes

Patience will pay off

THIS YEAR may be remembered as the year in which more homes were repossessed than were added to the UK's housing stock.

On current projections both figures could end the year just above 100,000 once demolitions are subtracted from the total of newly completed houses. That coincidental equality in the number of homes that are both fresh *and* past their sell-by date provides as graphic an illustration as any of the past and current, but not the likely *future, state of the new homes market.*

Builders traditionally have had to price their new flats and houses with a close eye *on the price of neighbouring* older houses. Now that there is such a mass of forced sale and near-forced sale *properties overhanging the used-homes* market, older homes have a disproportionate price advantage over new.

In more evenly balanced *periods* older homes have the advantages over new properties of historic cost sites and historic costs of construction. Planning restrictions have curbed builders' scope to create their own local markets by limiting the number of new-only housing schemes. The same controls have ensured both a disproportionate degree of land price inflation and increasingly expensive site preparation costs for builders turned from greenfield to reclamation and in-fill sites.

Yet housebuilders can look with some enthusiasm to the prospect of an age of modest house price inflation. Demand for new homes could be expected to improve in the event of any long-term shift from homebuying as an investment to home buying and renting based on a more measured *analysis* of accommodation costs.

Rising domestic fuel costs argue in *favour of better insulated* and more energy-efficient new homes. And if the owners of older properties began to *take account of the real costs of ownership* and added repairs, maintenance, renewal and reconstruction costs to their more obvious household bills, the budget would underpin a price premium for new-built properties.

Some sense of the scale of that "hidden" depreciation cost on older homes can be gained from the level of spending on home improvement and DIY products, as well as reported spending on residential building repair work.

Even before making any allowance for the substantial amount of cash-only *residential* maintenance work that never reaches the official records, the total exceeds £20bn a year, or an extra *£1,000 on top* of every household budget in the country. The 1990s may not have started on a happy note for builders, but the urgent need *to upgrade* Britain's elderly housing stock suggests brighter times ahead.

12th floor three bedroom apartment in Chelsea Harbour's Belvedere Tower: sold in July 1989 for just under a million. Now priced at £855,000

Priced at £1m in 1989

Now yours for £855,000

FINANCIAL FOCUS: INTERNATIONAL PROPERTY

France

Homes to hand down

IF ANYTHING, the French feel more deeply about their homes than their neighbours across the Channel.

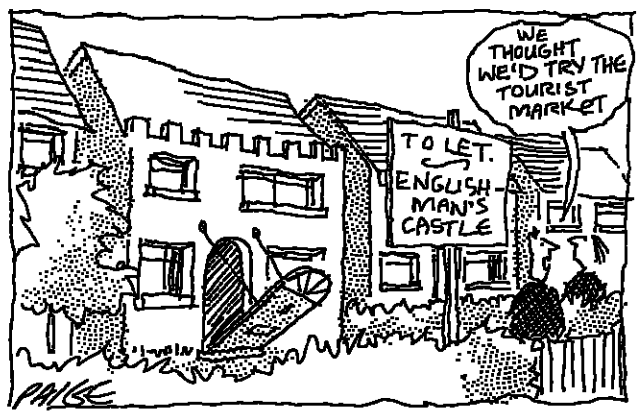
Among the rich, a Frenchman's home can well be his castle, and is more often likely to be a real château than among Britain's moneyed home owners. Among the people at large, the sentiment at least is similar. "Home is the last refuge of liberty," says architect Alain Sarfati, a government adviser on town planning, quoted by Theodore Zeldin in his book *From The French*.

"In France, people tend to think of housing as an inheritance. If you buy, it is a long *term investment which you* plan to pass on to your children, while in the UK and the US, housing is seen more as a consumer item," says Guy Nafilyan, chairman of the French division of the US housebuilder Kaufman and Broad, which specialises in building upmarket properties for executives.

In spite of the emotional importance which French people are said to attach to their homes, they are less likely to own bricks and mortar than the British. The proportion of owner occupiers has risen steadily since the 1970s, but is *still only 51 per cent of the* population as against 60 per cent in Britain. Of the French total, 36 per cent have been home owners for more than five years, according to a poll by *Le Moniteur*, the construction magazine.

Why is home ownership still so low in France? First, it is socially acceptable to rent a flat, at least in the Paris region, which is home to one French person in five. Two of my neighbours in the insurance company-owned apartment block where I live are senior directors of companies among France's top 20.

This is partly because houses in or near Paris are expensive, while tenants get more protection under French law – which includes rent controls – than in the UK. Kaufman and Broad, for example, charges FFr3.5m (£350,000) for a new three-bedroom house in St-Germain-en-Laye, one of the smarter suburbs; a striking contrast to the low prices for old country properties which have lured thousands of Britons, Belgians and Dutch to buy up swathes of deserted French countryside in recent years.



On average, house prices rose by 20 per cent annually in the three years to July 1990, since when they have broadly *stagnated in the recession*, estimates Nafilyan. That average covers huge local differences, with Paris and its suburbs generally leading the market, in same way that London tends to set the pace in the UK.

Then there is the impact of French tax incentives for property owners, which have precisely the opposite effect to UK legislation. There is no mortgage interest tax relief for owner occupiers in France. By contrast, tax relief is available for loans taken out by property buyers only on condition that they then let the property to a tenant. This explains why Paris is full of so-called studios, many owned by private landlords in search of tax-efficient investments.

Studio living is still trendy among the young professionals. But there is also a noticeable advance in respect for family values in France, detectable in a rise in the average age at which children leave home – possibly a symptom of high unemployment – and a *growth in demand for* larger houses in the order books of Kaufman and Broad and other housebuilders. According to *Le Moniteur*'s survey, 18 per cent of those in rented housing plan to buy a property in the next five years, up from 15 per cent a year ago. The French are becoming more homely.

William Dawkins

Germany

Flexibility is the key

GERMANS are incorrigible wanderers. Their traces – HB cigarette packs, Nuts bar wrappers – have been found in parts of Africa unknown to Africans. They have dawn-raided poolside loungers from Torquay to Thailand. But even Germans have to go home: and home is where the job is.

"Flexibility," says a young professional, still under 35 and with four enviable jobs behind him in four different German cities, "is a very important thing to have on your CV." An unusual item, too, in British eyes. He is now thinking of moving on again.

"Perhaps to settle down," he says. But by settling down, he means finding a company which will see him through the rest of his working life. And he fully expects – even hopes – that this will involve a peripatetic progression to the top of the career ladder via postings in any city or any country that his superiors propose.

Settling down might also involve getting married. He might even buy a flat or a house. But he would not dream of living in it. He prefers, in the interests of flexibility and self-marketability, to live in rented accommodation. Any surplus from his property, he says, can go in a bank savings deposit and maybe pay for next year's safari.

He is not wholly characteristic, but he is a common enough character; his habits and habitat moulded by the post-war economic and social history of Germany.

He is single, a city dweller, eats out most days, does not need a large home, and certainly does not want a garden. Half the households in west German cities comprise only one person, and 63 per cent of the homes in the old Federal Republic house no more than two people.

Around 70 per cent of west Germany's housing stock has been built since the Second World War, founded on the ruins of fine but forgotten cityscapes. It is not a pretty sight. But the low-rise, purpose-built apartment buildings are solid and serviceable, compact rather than small.

Tenancy laws are equitable, comprehensive and rigidly adhered to. Building and planning laws, on the other hand, have tended for most of the post-war period to discourage ownership. Rents, although the Germans gripe, have been relatively modest and, importantly, stable. Renting became a way of life – like buying in Britain – because it was easier.

Free of the ancillary and unpredictable costs of home ownership (if the roof blows off or the boiler blows up, the landlord takes care of it) the white-collar householder has relatively large volumes of cash for good living.

In 1987 – the last time a reliable count was done – the government discovered that more than 60 per cent of the housing stock was rented. Homes rented from the private sector outnumbered public sector dwellings by more than two to one.

The census produced two surprises. One was the revelation of a sharp increase in the incidence of home ownership – to 40 per cent from around 30 per cent 10 years earlier. The second was more of a shock: the common belief that the Federal Republic had homes to spare was dispelled by the revelation that it had 1m too few.

The upshot was a surge in residential building which produced a 10 per cent volume increase during 1990. Pressure on land prices and interest rates increased the cost of houses and rents.

Even though rents rose by an average of 4 per cent last year – compared with 2 per cent for most of the 1980s – the pressure has been intense in larger towns and cities, where 20 per cent year-on-year rises are now common in the more desirable areas. In the urgency to fill the housing gap, the market has reverted to post-war type: in the first three months of this year completions rose a further 8 per cent. But all the growth came in homes for rent and the number for owner-occupation declined to 14 per cent.

The market has been further complicated by the post-unification move to the west of some 300,000 footloose east German job- and house-hunters.

Local public housing bosses such as Peter Kaminski in Leipzig, who has 150,000 homes on his hands, are hoping to sell their stock to the tenants. But there has been no rush – even at bargain prices averaging £15,000. Like their western cousins, the East Germans are careful savers and financial planners.

And what are they saving for? Long term, 40 per cent say they want a home of their own. Like their cousins, they also covet new cars, clothes and appliances. But most of all, after 40 years walled up in the DDR, they want to see the world.

Christopher Parkes

Spain

A holiday minefield

FALLING house prices in Britain have helped turn the Spanish holiday homes market into a legal and financial minefield for existing owners and prospective buyers. As property price cuts at home have undermined British visitors' ability to buy in Spain, foreclosures on under-funded developers have been putting earlier buyers' rights in jeopardy.

For more than a decade, but especially since the suspension of exchange controls in 1979 ended any limits on cash transfers abroad, Britons have been the most active foreign buyers along the Spanish coast.

There are no accurate figures for the total number of holiday and retirement homes bought by the British in Spain. Best estimates range upwards from 250,000 villas and flats. In the second half of the 1980s, as UK lenders encouraged owners to remortgage and release free equity in their homes, and marketed foreign property loans, British buyers were reported to outnumber all other foreign purchasers by four to one in Spanish resorts along the Costa Del Sol and Costa Blanca.

This steady influx of villa and apartment buyers from the UK has slowed to a trickle over the past two years. As Sandra Lewin, director of the International Property Owners' organisation, says: "As sales have quietened, developers find that they have not got the capital to complete phases of some major schemes; it is leading to the bankruptcy and total collapse of others. Because of the building boom there are too many properties on the market. Wherever you go you see edifices with cranes not moving, and piles of bricks."

The 4,000-strong International Property Owners has had few reports of problems from the holiday property areas of France, Italy or Portugal. Spain is another matter. Sandra Lewin says: "Thousands of people are phoning us up, worried and saying that 'we have a problem' or 'our development is going to auction, can you help?'".

These owners are in resort schemes where the financing banks foreclose on the development company and organise forced sales of the schemes to recoup their loans. Unless the villa owners' rights to their property are indisputable, they can find their villa or apartment sold from under them.

Depressed market: this villa near Sotogrande in Spain has been reduced in price by £100,000 to £475,000

"The problem in Spain is that, even where the laws exist, there is little administrative intervention to ensure that they are kept," says Lewin.

"You come across instances of complete apathy about whether a building meets its planning consents, or if a developer has met his civil law requirements on bank guarantees and insurance. Officials may drive past and say, 'that building shouldn't be there', and that's about it."

Sandra Lewin gives the example of a development with planning consent for 44 independent villas that emerged as a 100-apartment complex. If such a developer runs into financial problems, buyers can find that the ownership rights they believed that had paid for simply do not exist because it is an illegal development.

The problem is widespread because local councils, keen to attract the revenues that foreign owner-visitors bring to their community, have been willing to turn a blind eye to breaches of planning controls. At the same time few British buyers have thought to check whether the development that looks appealing as a holiday base in the sun has any overriding mortgages registered against it, whether it is subject to any court proceedings, or whether the development they see bears any resemblance to the building consents that it is supposed to comply with.

Spanish developers' recent sales problems have created a happy hunting ground for cautious bargain hunters. Spanish city dwellers, who traditionally rent a holiday property, have been reported among the buyers taking advantage of developer-discounts on apartments this year. Scandinavian, German, and French buyers also have been helping to fill the gap left by the British in better quality schemes.

The sales incentives offered on unsold new projects have had a devastating impact on resale values of older Spanish coastal properties. As sales in the new homes market have slowed, the resale market for lower quality holiday houses and flats has been depressed.

Among the worst hit have been Britons who bought homes in developments that subsequently have been devalued by later over-building in the area. If they wish to sell they cannot compete with developers in terms of marketing, price discounts or the inherent appeal of a new property. Those who retired to such schemes on fixed incomes, having found their living standards eroded by high retail price inflation, now find it well nigh impossible to sell at other than give-away prices.

John Brennan

FINANCIAL FOCUS: PROPERTY

A deafening silence on the politics of housing

Scarcely 200,000 homes have been completed in each of the last few years. **John Willman** *reports*

THROUGHOUT much of the 20th century, housing was at the centre of political debate. From the slogan of "homes fit for heroes" after the First World War to the slum clearance programmes of the 1950s and 1960s, politicians vied over the amount of new housing they could create.

Harold Wilson became prime minister in 1964 with a promise to build 400,000 homes a year, and by the 1966 general election talk was of 500,000 new homes a year.

Now none of the political parties makes any promises on numbers and scarcely 200,000 homes have been completed in each of the last few years. Housing investment is at its lowest for decades, yet the issue is almost absent from political campaigns.

Is this because the housing problems of earlier years have been solved? More than 3m new homes have been built since 1971 and there are on average two rooms for every man, woman and child in the UK. Fewer than 3 per cent of homes in England now lack basic amenities such as indoor lavatories and hot water, compared with 17 per cent in 1971.

But this success story in bricks and mortar has been accompanied by growing problems of access to housing. The most obvious is the mounting level of repossessions from people who have bought their homes and cannot afford the mortgage payments.

Then the problem of homelessness is increasing. Last year 145,800 households were officially accepted as homeless by local authorities in England – almost three times the number in 1978. Shelter, the campaign for the homeless, estimates that more than 400,000 individuals have no home. Some estimates put the underlying total much higher.

Behind these figures lies a trend towards polarisation of choice into a two-tier housing market. On the one hand, there are the owner-occupiers who enjoy tax reliefs, flexibility and control, in return for tying their savings up in housing.

On the other, there are tenants in what is now called the "social housing" sector – homes built by councils and housing associations for rent. They benefit from some housing subsidies and freedom from worries about repair and maintenance, in return for lack of control or flexibility and access by rationing.

Privately rented housing is a third option, but now only of marginal importance, in decline since the First World War and now accounting for less than 7 per cent of the housing stock. Determined efforts over the past ten years to kickstart private landlords through tax incentives and new forms of tenure such as shorthold have had negligible impact on the secular trend.

One result of this polarisation has been the huge jump in the level of owner-occupation, from just over 50 per cent in 1971 to 67 per cent in 1989. Many people have been forced into owner-occupation – in some parts of the country, it is the only option for young people who are not prepared to make themselves homeless as a way of gaining priority for social housing.

A second factor in the growth of owner-occupation has been the sale of council houses to their tenants (more than 1m homes since 1979). A third is the decline in house building in the social housing sector. In 1977, local authorities and housing associations completed 105,000 homes; in 1991-2, completions by local authorities and housing associations are projected to total just 35,000. With a constant drain of stock through right-to-buy, it is hardly surprising that waiting lists show no signs of falling.

Housing researchers and campaigners show remarkable consensus about what should be done, well summarised in the two reports of the Duke of Edinburgh's Inquiry into British Housing. Their most important prescription is that tax relief on mortgage interest should be phased out. This would release almost £8bn a year for more deserving causes. Some or all of this could be used to greatly increase funding for social housing and to encourage the revival of the private rented sector.

In private most politicians will accept that the continuation of mortgage interest relief is indefensible. But neither of the major parties dares promise to abolish it (to their credit, the Liberal Democrats have said they would abolish the relief for new borrowers).

An alternative possible source of funding for new homes is the almost £6bn of capital receipts remaining in local authority coffers from the sale of council houses. Local authorities may spend only 25 per cent of these receipts on new housing under government rules, which insist that the rest is used to repay council debt. Both Labour and the Liberal Democrats have promised to release this money for council homes.

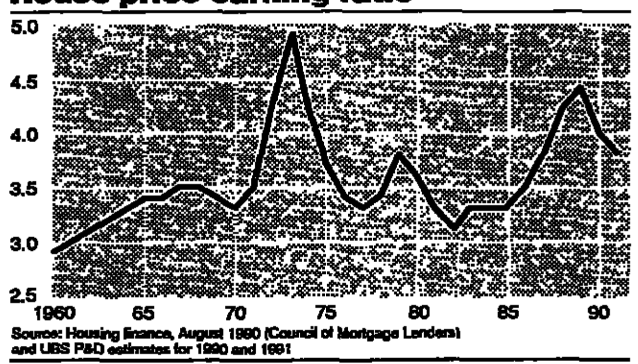
The government would prefer to see future social housing needs met by housing associations rather than councils, but there is scepticism about their ability to fill the gap. The Housing Corporation, which funds and regulates housing associations, predicts that it will be able to build 40,000 homes in 1993-4, far short of the 100,000 social homes a year which independent forecasters such as the Institute of Housing estimate will be needed until the middle of the decade.

Even if the problems of the social housing sector could be solved, there are difficult issues in the provision of private houses. The chief cause is the imbalance of economic growth between the different regions of the UK. With the economy more buoyant in the south than in the north, pressure on the housing market remains acute in southern England, while surpluses remain in the more depressed north.

There is some evidence that companies have begun to examine the attractions of areas such as the north and north-west over the past decade as a way of escaping the overheated labour markets of the south. But the imminent opening of the channel tunnel and industrial development around the M25 have convinced planners that pressure on housing will remain acute in the south-east for the foreseeable future.

Forecasts released by the department of the environment in August predict that the number of households in England will rise by almost 3m in the next 20 years. This is almost 1m more homes than had previously been forecast, an increase which mainly reflects trends towards smaller households caused by divorce, single parent families and an ageing population.

House price earning ratio



Source: Housing finance, August 1990 (Council of Mortgage Lenders) and UBS P&D estimates for 1990 and 1991

The growth – the equivalent of building every home in London again – will still be concentrated in the south, however. The number of households is set to rise by 25 per cent in East Anglia, 22 per cent in the south west and 15 per cent in the south east. The increase will be just 7 per cent in the northern region (Cumbria, Cleveland, Northumbria, Durham and Tyne and Wear), while the figure for the north-west will be 9 per cent.

For several years, now, ministers have been avoiding the difficult question of where to locate 570,000 new homes which would be needed in London and the south east by the beginning of the next century. This figure was based on the earlier lower forecasts of household growth and the environment department is now revising its estimates of the number of homes now needed. Developers argue that as many as 750,000 new homes will be needed and that to meet such ambitious targets will require a relaxation of planning controls to create new towns and villages, particularly in the green belt ringing London.

When Nicholas Ridley was environment secretary, such arguments in favour of liberalising planning controls received a sympathetic hearing. But campaigns by voters in Tory heartlands of the south against new residential developments convinced his cabinet colleagues that it would be wiser to accept the existence of the NIMBY (Not In My Back Yard) syndrome, rather than challenge it. The battle over plans to build a new village in Hampshire called Foxley Wood led to the burning of Ridley's effigy and is widely thought to have contributed to his fall.

His successors have called a halt to such electorally-damaging projects. The problem remains of where the new homes are to be built. Michael Heseltine, current environment secretary, has advocated a corridor of development along both sides of the Thames to the east of London to solve much of the problem at one stroke. However, his cabinet colleagues are thought to be resisting a move which would alienate the voters in key Conservative-held marginal constituencies in Essex and North Kent.

This jittery approach is probably all that can be expected until after the general election. Then, whichever party wins, there will be the opportunity to attack these intractable housing problems. But since solutions necessarily threaten the vested interests of large groups of people, it will not be surprising if the election manifestos remain silent on housing policy.

Second Homes

The high cost of a rural idyll

The second home market has turned sour. ***John Brennan*** *analyses the past, the present and the future of the sector*

LIKE THE "ploughman's lunch", owning a second home in Britain is an artificial tradition. The innocent combination of bread, cheese and pickle acquired a fresh history as a marketing exercise for pub food. In much the same way, and in the same post-war period, a "place in the country" has come to exert a potent charm over middle-class town dwellers.

There are about 300,000 second homes in Britain. There are no formal records of the number of holiday homes bought outside the UK since the end of exchange controls in 1979, but estimates suggest that there are as many British-owned second homes abroad as at home.

The economic case against homeowners buying and managing from a distance between 500,000 and 600,000 second properties is persuasive, but largely ignored. The old estate agency adage about never owning two roofs is backed by a wealth of evidence that rural dreamers ignore.

Look beyond the basic burden on two-homeowners of the dual expenses of fitting-out, repair, maintenance and local taxes, and it is a generation since a place in the country could be justified on the grounds of swift capital appreciation.

Second-homeowners looking for a rural idyll in Britain would need a time machine rather than an Ordinance Survey map to find an area where the price of a holiday home is still tied down to local, rather than pitched up to national, prices.

It is easy to pinpoint the period at which second home-ownership started to become a section of the housing market in its own right. Before the Second World War those who could afford to move the family across country for a holiday either rented or borrowed accommodation. Circumstances changed in the 1950s, when capital taxes, exchange controls, job opportunities and a surge of capital investment in agriculture came together to create the conditions for a domestic second home market.

Charges on income and transfers of wealth forced land-rich, cash-poor estate owners to sell to survive. They auctioned peripheral estate houses, vacant tied cottages and entire villages to preserve their core estates.

This was supplemented, and swiftly became overtaken, by the release of a spectrum of farm-related housing following the industrialisation of agriculture. As redundant farm workers headed for jobs in town, villages lost the critical mass of their resident populations.

At the same time, a post-war generation of white collar workers and professionals found that they had never had it so good. They became the new urban villagers, the increasingly mobile long distance commuters and the first generation of second home-buyers. The wide availability of surplus properties and low local demand meant rural properties were irresistibly cheap by comparison with their own homes.

An unmodernised Georgian rectory in Berkshire is a contradiction in terms now. But in the early stages of the town-dwellers' love affair with the countryside, a good choice of such houses could be found for less than £5,000. Cotswolds' cottages costing a few hundred pounds a pair tempted even the least bucolic of weekenders to become second home-owners.

Although the suspension of exchange controls diverted much holiday property buying from the Shires to the Costas in the 1980s, by then the invasion of the countryside was sufficiently well established to have ensured a strong national resale market for modernised properties.

Pioneer second home-buyers were tempted by bargain country prices. Their successors could talk of a sound investment to justify prices targeted at those with town incomes. Until the past few years, resale values have been underpinned by a sharp, and on occasions, spectacular, imbalance in supply and demand.

Once the void created by the departure of the farming communities had been filled, green belt and country planning restrictions ensured that the supply of village properties remained static. On the other side of the equation, any attempt to chart demand for a place in the country would show a sharply rising curve with only occasional dips at the time of the first and second oil crises.

That demand curve took off like a rocket at the start of the 1980s. Interest in a second home in the country soared in a glorious decade for the makers of oiled jackets, green boots, off-road vehicles, and the publishers of country lifestyle magazines destined for the coffee tables of a would-be squirearchy living in Kensington and Battersea.

Demand reached such a pitch that an entirely fresh crop of rural properties was drawn into the market. Rectory-fanciers lost any sense of distance in their effort to find a house. London-based buyers could be found sifting property particulars from Exmoor to the Welsh borders.

Rural developers who had exhausted the supply of surplus farm barns, oast houses and the occasional windmill turned to multiple-conversions of agricultural outbuildings. They found buyers willing to compete for flats in buildings overlooking, and with all the associated smells, of farm slurry pits and for conversions carved into undistinguished buildings adjoining modern, industrial-scale tractor sheds operating agricultural hours and so ensuring a dawn chorus of revving diesels.

In the 1990s, without the past decade's ease of cash release from fast rising equity in town houses to fuel demand, the second homes market might seem to be a prime victim of house price deflation.

There is already evidence of a sharp reversal in the resale value of those poorer quality and less accessible country properties. Today, there is a largely unchallenged buyers' market for more remote houses. There is virtually no interest in the least well converted of those multi-occupation farm out-building.

Equally, country cottage owners no longer expect to find a queue of prospective buyers for their meticulously modernised weekend home. Those who have lavished money on the property are finding that the swimming pool and the extension add little to the sale value.

Country agents confirm a continuing interest in second homes, just as they report undimmed enthusiasm among their window shoppers for country homes enabling them to make a permanent move out of town. Those who are snapping up the repossessions and forced-sales of second homes purchased on credit in the confident 1980s tend to use capital.

As Charles Ellingworth, of the buyers' agency Property Vision, says: "In the past 20 years people have become much more environment conscious, not so much 'green' as wanting to have a place where the children can run about in a field and not be in danger of being mowed down by a taxi.

"They are investing in the quality of life, which means that is not simply a matter of pounds, shillings and pence. It is more the sense that the family will grow up better in a country environment."

They are keen to be green, but not at the expense of going deeper into the red. That implies a sharp dip in the demand curve as the number of prospective second home-buyers is trimmed to those with the cash to buy without adding to their borrowings. But this does not imply any across-the-board collapse of values, because buyers have become more discriminating.

This is terrible news for the owners of the kind of coaching-lamp lit, crazy paved, and horse brass bedecked over-conversions that have turned so many knocked-together farm-workers' cottages into rural versions of suburban semis. But a return to a more objective view of country property values as a whole does not imply a retreat from the second home market as a whole.

Periodic renting of a place in the country makes far more financial sense than buying a property for occasional visits. Holiday homes to rent are plentiful and cheap. Many second home owners are delighted to receive a contribution towards their costs and an extra period of commercial renting on their records to make the property eligible to be treated as a business for tax purposes. But ownership remains a qualitative distinction and a powerful offset to the financial argument.

Urban squirearchy in Britain is an artificial and shallow tradition. But the idea that visiting the countryside is not the same as owning your own small slice has gained wide currency. Owners may have precious little time to spend in their second home, they may accept that there is no financial justification for buying or retaining it, but this is a market where pragmatism bows to more powerful emotions.

Few second home-buyers weigh property values alone. They are investing in a country lifestyle – and there are no valuation tables to measure the premium that continues to justify.

Dream cottage – but the market for second homes is feeling the pinch

TRAVEL

The waters off the Queen Charlottes offer some of the richest salmon fishing on the west coast of North America

Remote, romantic and damp

Nicholas Woodsworth takes to the waters of the Yakoun in pursuit of wily steelhead

FOR MOST of the year, the Haida Indians of Old Masset live at home, and for most of the year on the Queen Charlotte Islands home is not a bad place to be.

On a map the Queen Charlottes hang like long drips of water from the down-thrust arm of the Alaska panhandle. By the standards of these islands – *two large and 150* small ocean-ringed clumps of muskeg and forest – England is a dry, comfortable country. The west coast of the Charlottes is the wettest place in Canada – it receives 450 cms of rain a year. Old Masset, closer to the eastern side of the islands, is said to be drier. But to the unpractised eye, the sheets of rain that batter the village at the pebbly mouth of the Masset Inlet look nonetheless record-breaking.

Like the long smooth ocean swells that roll towards the shore, the weather has travelled great distances over water to get here – it comes south from Alaska, westwards over the Hecate Straights, or eastwards across the grey Pacific from Japan. Whatever its provenance, it brings moisture. Lost in mist, luminescent in pearly-grey fog, or lying bedraggled under a steady downpour, the Queen Charlotte Islands are remote, romantic and damp.

But whatever the weather, come springtime many of the inhabitants of Old Masset drop whatever they are doing and head up the narrow inlet by boat. Helped by the tide, they travel some eight miles, through heavily forested country, to a small inland sea. Where the clear, tea-coloured Yakoun River flows into this little sea, they beach their craft. They will pass the next month in this remote place, sleeping in rough wooden cabins and spending the long northern spring days out of doors.

Whether in rain, cloud, mist or even fleeting bursts of sunshine, the Haidas are wholly undeterred from their task. Not even swarms of mosquitoes and blackflies distract them from the enjoyment of this, the high point of their year. And in fact there are few people, at least few fishermen, who would be distracted. A little piece of paradise, the Yakoun is one of the finest fishing rivers in the world.

If radiocarbon dating is to be trusted, Haida Indians have lived on the Queen Charlottes for more than 10,000 years. Totem poles, longhouses, and finely-carved canoes attest to a long and rich cultural life. Few other tribes in North America have built their society on such a wealth of marine, animal, and forest resources. But if there is one central event around which Haida life revolves, it is the annual run of sea-going fish to and from their river spawning grounds. Today deer, elk, beaver, eagles, otter and the largest black bears in the world abound on the islands. All are noble beasts, but none compare to river-running salmon and sea-going trout, the kings of the Queen Charlottes.

For commercial and sports fishermen alike, the waters off these islands offer some of the richest salmon fishing on the west coast of North America. What brings the salmon – sockeye, cohoe, chum, pink, and chinook – are the same ocean currents that bring their mild, wet, ice-free winters. Returning to spawn on rivers as far south as California, salmon which have spent their lives feeding in Arctic waters are funnelled, quite literally, past the Haida's front door.

Only a tiny proportion of these salmon started life in the rivers of the Charlottes, but when the sockeye run begins here in May, the Yakoun river boils with fish. Some are taken by the Haidas, who, with legal food-gathering rights reserved to them alone, gather salmon with hand-laid nets.

On a May morning at the mouth of the Yakoun, I spoke to Carmen Goertzen, a Haida wood sculptor. It had, he said, been a good day so far; in three hours he and a friend had gill-netted 260 fat, red-fleshed salmon. There were plenty of fish which got away from his net, but my own aspirations on the river were less ambitious. Inept at tying fish hooks and the victim of large numbers of fishless fishing expeditions, I was prepared to be be content with just a single catch.

And in fact, I was going after a much rarer prize, the sea-going steelhead trout. Averaging 12 pounds and weighing anything up to twice that, steelhead do not return to their spawning grounds in the numbers that salmon do. They are also a cagey and suspicious fish, and difficult to catch.

So, at least, I was warned in my guide to fishing in British Columbia. "Steelhead are considered by locals", it said, "to be the ultimate fishing challenge. They are are formidable fighters and they attract a special breed of angler, one with patience and a willingness to endure some discomfort in the quest, such as wading to the waist in frigid glacial streams."

In order to avoid ducking out of such an ordeal altogether, I got myself a different kind of fishing guide, a human one. Norm Desilets is an all-Canadian outdoor sportsman – from the top of his needle-nose pliers to the tip of his fly-tieing fingers, he is a model of fishing professionalism. But even he wears thick neoprene waders when venturing into the waters of the Yakoun. Happily, there was also a pair for me.

Beginning high up the 35-mile length of the river early one day, I became a member of the elect covered by that ringing phrase, a special breed of angler who endures discomfort in the quest. For hours, thigh deep in very cold water, we fished reaches on the river where the current, water level, riverbed topography and a score of other obscure factors told Norm the wily steelhead would be lurking.

Norm fished elegantly with fly-rod and light equipment, his line describing those lazy, *floating overhead arcs that* makes fly fishing a visual art. I, wishing to maximise my chances, said the hell with visual art and practised the unsubtle but usually effective technique of "bottom bouncing" – allowing the current to bounce a hook baited with salmon roe along the bottom of the river in imitation of free-floating spawn.

This cunning exercise had not the slightest effect. Norm, with no apparent effort at all, caught a good-sized steelhead and two cut-throat trout. I tried to hide my envy. Lunch, sandwiches and coffee on a rotten log, came and went in a fine drizzle and a tingling of toes slowly unthawing. Back in the river again, I became so excited when I saw a large steelhead cruise by, its dorsal fin rippling the surface of the water, that I got my line tangled in the buttons of my rain-jacket and made a magnificent 18-inch cast after it.

Time passed. Rain fell. My toes froze again. I told myself that fishing was not really about catching fish, but about appreciating the beauty of the great outdoors. I did so. I watched the furtive movements of an otter by the waterside, followed the flight of merganser ducks up the river, and met the steely gaze of a bald eagle from the top of a giant spruce. I gazed at moss hanging thick from the boughs of trees, smelled the rich odour of cedar and fir, and felt the brooding silence of the primeval rain forest. Norm caught more fish. My feelings for nature turned to feelings of chagrin.

Minutes before it was time to go, I caught my fish. All the things that were supposed to happen happened. The fish struck the bait, I set the hook, the line screamed off the reel. The fish fought, I fought back. *It was not a big steelhead; at 10* lbs it was not even an average-sized steelhead. But a steelhead it was, and happy I was. I had come to the Queen Charlottes, where rain is rain and fish are fish. Not only was I of that special breed of anglers who endures discomfort in the quest, I had triumphed in the quest. Who, I thought, damp and triumphant, could ask for more?

It happened in Montreal

MONTREAL. 8.30 am. A bowl of milky coffee descends towards a tabletop at a pavement cafe. The middle-aged moustachioed mouth that has just refreshed itself turns towards a softer, younger, female counterpart.

They meet.

For several minutes.

Croissant crumbs flutter to the check-tiled floor, dislodged by the kissing couple. Nothing else is disturbed, least of all passers-by.

Hey guys! Don't you know where you are? This is North America, not Paris or St Tropez. You cannot behave like this!

It certainly is not Anglo-puritan North America. Nor has it the formality of Hispanic or Asian courting. It is genuinely, marvellously, sensuously French.

Even more French than the French, say the Quebecois. While France has allowed its language to be tainted with *le weekend* and *le parking*, French Canadians stick with *la fin de semaine* and *le stationnement*. They bank at the Caisse Populaire du Saint-Enfant Jesus de Montreal. The rudest word in the Quebecois lexicon of religious expletives is *tabernacle*.

And, unacknowledged, Montreal is very American. For every *pastis*, a personal pizza. For each dinner party debate on the books of Michel Tremblay, a Ford Mustang rumbles down Rue Saint Denis. In the lobby: kisses on both cheeks; on the menu: lobster with a cherry on top.

In the tiny Old Town, locals outnumber tourists. Sunday brunch – bacon, egg, sausages, pancakes and home cooked beans for $5 – is eaten off melamine tables. Two old men speaking in central European accents complain interminably of the price of boiled beef.

A middle-aged roller-skater in Bermuda shorts sails by.

A shopkeeper speaks English to a francophone customer. He quickly apologises.

Just north of one branch of the Caisse Populaire du Saint-Enfant Jesus de Montreal is the tree-rimmed rectangle of Square St Louis. There, Montreal's successful novelists (including Tremblay) rub shoulders with marijuana-smoking academics and fans of alternative pop. (One Quebecois band has sacrilegiously made a disco song out of De Gaulle's 1967 speech in which he said "Vive le Quebec libre" and strained relations between Ottawa and Paris for years).

In a trendy basement apartment on Square St Louis, I asked a lecturer why Quebec wanted independence so much.

"Have you read any history of our country written by a Quebecois?" he demanded.

"A little."

"In English?"

"Yes."

"Pah! They change it in translation." He had a twinkle in his eye, but he meant it.

Toronto has francophones too but they are practically invisible, lost in the multicultural bustle of Chinese, Italian, Brazilian, Korean, Indian and other communities.

Close up, Toronto is a shimmering rainbow. No melting pot here. You know when you are in Greek Town or Little Portugal because street signs tell you so. There is even a Mirvish Village, so called because of one Ed Mirvish, a flamboyant entrepreneur who owns many of the shops there. *Only the gay quarter escapes* such labelling.

Step back for a wider view and your vision clouds. Toronto is called a city but Torontonians lead village lives. Villages organise jamborees and shows: Toronto's galleries are well stocked, it has nice restaurants, there are plenty of theatres and annual festivals.

The skyline is dominated by a concrete spike. The CN Tower is "the tallest free-standing structure in the world". It does not deserve to be 1800 feet high, either through function (an antenna) or form. It is something a village puts up because it can. A mega-maypole.

While Montreal throbs with spontaneity, *Toronto's civic* energy seems to have been imposed from on high at great effort. The waterfront has been competently redeveloped. The public transport is fast, clean and safe. Shops are open late. People from Detroit think it is just perfect.

The ethnic villages have made Toronto more animated in recent years. The Wasps, once blamed for running a conurbation so damnable with faint praise, are now a taciturn minority that takes a holiday on Queen Victoria's birthday.

In eastern Toronto, the Jet Fuel Cafe pours a few drops of espresso into the sea of hot brown water that swamps North America. Its stainless steel bar occupies a former living room above a restaurant that sells only desserts.

Daniel Green tries to measure Canada's heartbeat

"The coffee beans are roasted in Montreal," explained the green-eyed proprietor John. He wears a Hans Holbein T-shirt and collects water pistols.

The only customer on a sunny afternoon in May was a lesbian writer approaching middle-age. "Have you read Jeanette Winterson?" she asked me urgently.

"Well, actually ..."

But she sank back into a brown study without waiting *for a reply*. The *writing game* is tough. "I need inspiration," she sighed. "I might have to go to Montreal."

A few days earlier, I had taken a train from Quebec City to Montreal. Opposite me sat an actor – craggy features, thinning sandy hair. He was commuting to rehearsals for a new TV police series. He plays the cop who takes to drink after his marriage breaks up.

Like all Quebecois, he spoke of his love for Quebec City, symbol of resistance to the conquering English. Of Montcalm and Wolfe and the Plains of Abraham.

Like all his profession, he feared for his career.

"Quebec City is my home", he said resignedly. "But I think I will move to Montreal."

Now, you tell me where the heart of Canada beats.

■ *Daniel Green travelled on Air Canada to Montreal. He was a guest of the provinces of Quebec and Ontario.*

Skiing/**Arnold Wilson**

Wading through the drifts

SEPTEMBER – and we are up to our knees in a blizzard of ski brochures. Heavy falls have been reported at brochure launches all over London. In my office, I am ploughing through drifts. If only snow were as predictable.

Aim high, they all say. Ski Thomson, brand leader, has weeded out so many low-lying ski resorts it is a wonder anyone gives a second glance to the Kitzbuhels of this world at a puny 800 metres. Perhaps we must set our sights on the likes of Val Thorens and Tignes, the French resorts, which are above 2,000 metres, or the highest Swiss and Austrian equivalents, such as St Moritz, Zurs, and Badgastein. And, of course, there is always America, with reliable snow – be it natural or man-made.

Touralp, the French-owned operator, is stressing its "highly competitive prices." It offers inclusive seven-night packages in early January for as little as £139 for four skiers sharing a self-catering studio in Tignes, and £204 for bed-and-breakfast at the Hotel Du Bourg in Valmorel.

Ski Enterprise wades into the brochure mountain with a lead-in price of £119 for seven nights in Chamonix and Falcon manages £109 for a week's self-catering in Andorra, or £149 for half-board. Many operators suggest travelling by ski-train. This is not really much of a saving, but it can give you two extra days skiing time. Neilsons promote its Snowcoach as the cheapest way of getting to France and Austria, which gives skiers the chance of sight-seeing en route and an extra day on the slopes. The cheapest way of all, in theory, is to drive yourself. Sally Holidays have an almost ridiculous lead-in price of £59, which includes the ferry crossing.

All these lead-in prices, of course, have little to do with the real cost of a family skiing holiday in high season.

Not every tour operator necessarily wants to appeal to skiers' wallets. Powder Byrne, for example, offers holidays which it hopes will attract skiers who want quality. "We don't want *to become a big operator*," says Rory Byrne. "In fact, we don't even like being called a tour operator. We are more than happy taking just 1,000 skiers a year and making sure they have the best." The average cost of a week's skiing with Powder Byrne is around £770.

Ski Scott Dunn, which spends a fortune producing what is probably the snazzlest brochure of them all is another example of the "small is beautiful" brigade. Says Andrew Dunn: "We like to think of ourselves as the operator which provides skiing holidays for people who wouldn't normally be seen dead booking a package holiday." They also, it seems, do not mind the price. A Ski Scott Dunn holiday averages around £600 for a week.

David Kemp, whose Ski Company owns a handful of luxurious chalets in the French Alps, sets out to "combine the independence and informality of a private house-party with the comfort and service of a good hotel."

Ski Whizz, the chalet specialist, is appealing to customers' stomachs as much as to their wallets. "More for the gourmet," it promises.

One of Club Med's attractions is the quality of the food at their villages scattered around the French Alps. Lunches, in particular, are so exotic – with so many varieties of fish and meat laid out in a mouthwatering feast – that that I now I avoid returning for *lunch otherwise*, afternoon skiing – and my waistline – would be doomed.

Paul Chase Gardener, managing director of the Bladon Group, says: "We aim to offer our guests a higher degree of comfort and service without substantially increasing the price of their holiday. I am delighted to announce that there has been no increase on the price of most of our holidays for next winter."

The Swiss Travel Service also aims more for quality than quantity. Its lead-in is £328 for a week's half-board at the Hotel Falken in Wengen, although it does offer self-catering holidays in Villars and Saasfee from £214.

Crystal Holidays seems to have the biggest choice of countries to ski in. It has added Japan's Shiga Heights and Akakura, plus Borovets and Pamporova in Bulgaria, *to* a brochure which already included Austria, Switzerland, Italy, France, Canada, the US, Romania and the Soviet Union.

The most unlikely ski destination must be Las Vegas. Virgin Holidays has discovered a small ski resort called Lee Canyon, above the cactus and joshua trees in the Nevada desert. It only has three lifts and 33 acres of skiing. The lift ticket is a mere $22.

FOOD & DRINK

A treat for the body and food for the soul

Nicholas Lander concludes our summer series on eating out in France with a visit to a spa town in the Pyrenees

IN 1945, when the ideal of physical beauty and discussion of leisure and good food were far from most Europeans' thoughts, Adrien Barthelemy very shrewdly bought the Domaine Thermal at Molitg-les-Bains.

Today, his company runs thermal resorts from Jonzac on the Atlantic coast to the appropriately named Bains-les-Bains close to Nancy in eastern France. Molitg – pronounced Molitch and Arab in origin – is obviously more accessible now but still seems isolated and beautiful.

It has the natural advantage of being 450 metres above sea level and in full view of Mount Canigou. The valley beneath, watered by the various tributaries of the river Castillane, is lush and largely unspoilt.

The tributaries flow into a large lake alongside Le Grand Hotel Thermal (Tel: 68.05.00.50), perhaps the most haunting of the three properties that Biche Barthelemy, Adrien's daughter, manages in Molitg. This hotel boasts all the various treatment rooms which will reunite body and soul and also some atmospheric, liner-like architecture, carefully preserved since the 1920s.

It would make a wonderful location for any future Hollywood remake of Thomas Mann's *The Magic Mountain*. Further up Molitg's twisting roads is the Hotel Le Catalan (68.05.01.15) also run by the same company, with 80 studios but it is half-way between that one finds the jewel in the company's crown: the Château de Riell.

Not that the Château can compete in architectural terms. Its origins as a medieval fortress are well and truly bowdlerised. Internally, however, it has been luxuriously restored and our spacious bedroom had uninterrupted views of the valley and its thousands of pine trees in both directions. But it is with the choice of the staff and the food at Château de Riell that Madame Barthelemy has made her mark.

The young receptionist greeted our baby in a friendly way. The porter, when he brought our car to the front door, politely and correctly told me why it needed a service. In the restaurant the *sommelier*, who for his holidays picks grapes for the vintage, has wheedled a number of gems out of local winemakers and on to his list, and the young *maitre d'* hopped from table to table conversing fluently with his guests in three languages.

Unlike many restaurants of this quality service was with a smile and only taped music and the grotto-like bar area spoilt the scene. The choice of chef is equally as successful although the hotel does inherit an important family connection.

Madame Barthelemy's elder sister, Christine, is married to Michel Guerard, whose hotel and restaurant at Eugenie-les-Bains (58.05.06.07) are considered among the finest in France. Guerard is also a member of the group Thermal du Soleil. Consequently, the Château de Riell has its own tip-top chef agency.

Over the past 15 years three chefs, Rene Sarre, Marc Baudry and Gilles Ray, all trained by Guerard, have established its culinary tradition. Last March it was the turn of Eric Marsanne, still only 26, but with a culinary schooling in the Jura and three years under Guerard's tutelage to promulgate his style of cooking. The key elements of Guerard's cooking – freshness, lightness and the desire to let the food speak for itself rather than be masked by sauces – are faithfully and expertly reproduced.

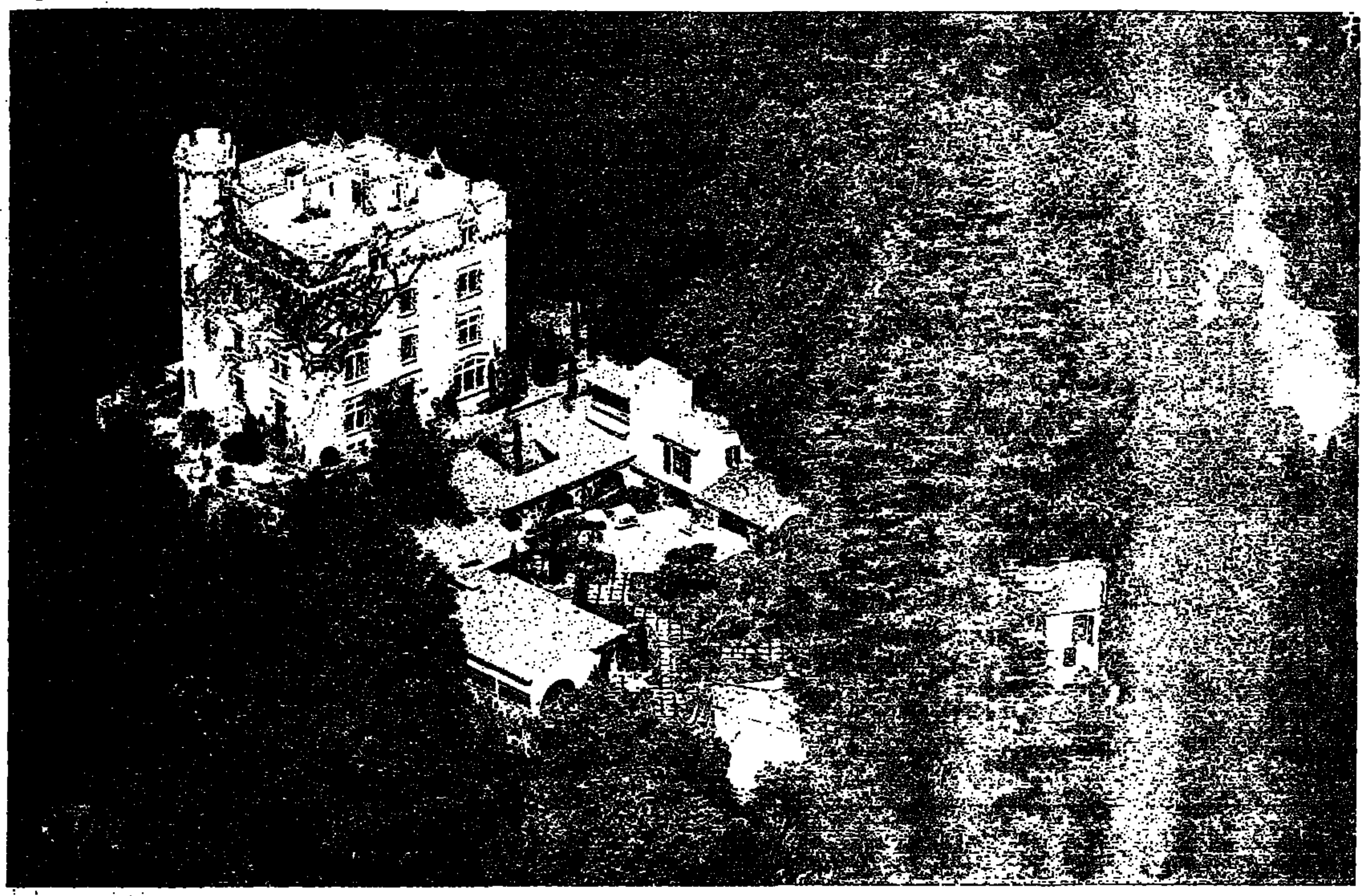
The vegetable is given star billing. Almost every dish comes with a different vegetable – not as something to fill the plate but to bring out the best in the food. A fillet of bream is served with a *jus* of new season's onions, *langoustines* with a *confit* of tomatoes, a supreme of salmon with artichokes and wild mushrooms and a tournedos of hare with a *compote* of young leeks.

Two other dishes showed ingenuity and culinary dexterity. Described as a *tapenade* of summer vegetables with red mullet, the fish had been cut into fillets, grilled until the skin was crisp and then topped with finely diced vegetables and coated in olive oil.

A fillet of local milk-fed Pyrenean lamb came with six different, tender vegetables. The same confident touch extended to the desserts and all things chocolate. A vanilla *soufflé* was light and firm; a warm, bitter chocolate cake, still moist in the middle and served with a puree of pears, left behind not a trace of sweetness. The following morning's small chocolate croissants were among the best. An early morning swim ensures that your appetite is sufficiently stimulated to enjoy them.

■ Château de Riell, Molitg-les-Bains, 66500 Prades, France. Tel: 68.05.04.40, fax 68.05.02.91. Rooms FFr1,000, (£100.10) dinner FFr500. Season April-November.

■ Chaine Thermale du Soleil, central reservations, 32 Avenue de L'Opera, 75002, Paris. Tel 47.42.67.91, fax 47.42.63.38.



Luxuriously restored, with uninterrupted views, this château is the perfect Pyrenean retreat

Fine wine opportunity

THE 1990-91 season was not a very good one for the London wine auctioneers. Christie's – and Sotheby's which is reorganising its wine department – suffered heavy falls in sales to £8.24m.

Despite a slackness in prices this year, 1982 clarets have proved a good investment over the years, as the table shows. However, that is the only vintage that would have been a good long-term buy when inflation is taken into account. Demand from the US, a large part of the market, has fallen as a direct consequence of the rising value of the dollar.

The top table shows the real price rise for leading 1982 clarets from June 1983-June 1991; the other shows the decline in top prices (Petrus is omitted as its prices are so much out of line).

However, many lower prices were recorded. For example, this year the range of Lafite '61 was £3,100 – £2,800, and of Palmer '82 £330 – £260. Moreover the best prices are usually obtained in the first half of the year.

Although both auctioneers express confidence for the 1991/92 season, lower prices have discouraged vendors and there is a shortage of wine available. Nor is there any sign of a repetition of the mass-disposals by châteaux and merchants that followed the energy crisis in the mid-1970s. Unless the price trend is reversed by a faster-than-expected recovery, the coming year should provide excellent opportunities for securing fine wines at bargain rates.

Edmund Penning-Rowsell

First & other leading classed-growth 1982 Clarets

	Top 1991 auction price £ per dozen	Real percentage rise since June 1983
Lafite	850	40
Latour	810	42
Margaux	620	9
Mouton-Rothschild	920	61
Haut-Brion	750	38
Cheval-Blanc	650	14
Pétrus	3000	300
Cos d'Estournel	330	72
Ducru-Beaucaillou	460	97
Léoville-Las-Cases	400	71
Palmer	330	47
Pichon-Lalande	370	74
La Mission-Haut-Brion	600	84

Average highest auction price (£ per dozen) 1991

First growth clarets Vintage	1991 (Jan-July)	Percentage price change on 1990
1961	£3320	-6.9
1970	£777	-12.1
1975	£543	-12.7
1978	£570	-8.5
1982	£767	-15.5
1983	£380	-0.5
1985	£363	-9.7

Cheval-Blanc; Haut-Brion; Lafite; Latour; Margaux; Mouton-Rothschild

MOTORING

Mercedes-Benz 190D 2.5. No other diesel sold in Britain is more urbane

Road Test/**Stuart Marshall**

Chuckle of a baritone

FOOTSORE and fatigued, I left the heat and bustle of Frankfurt's motor show, filled up the car and headed back to Britain.

From Frankfurt to Aachen the autobahn is mostly derestricted, although there are some sections where 120 kph and 100 kph (75 mph and 62 mph) limits are not just posted but obeyed. Belgium's autoroute is limited to 120 kph. In France, as many homeward hurrying Britons have discovered, it really does not pay to break the 130 kph (81 mph) limit too blatantly on the near deserted A26 autoroute on the final leg to Calais.

Even so, the 422 miles (679 km) between Frankfurt and the ramp leading to P&O's Pride of Kent took under seven hours of driving at an average speed of almost exactly 100 kph (62 mph). There was a break for lunch; a mandatory visit to the Mammouth at Calais; but no stop for fuel. We still had a little way to go before the reserve light warned that the 12.1 gallon (55 litre) tank needed filling.

Consumption for the journey – 38.3 mpg (7.37 l/100 km).

And the car? No, not a smallish family hatchback with an engine of around 1.5 litres but a 2.5 litre Mercedes 190 with automatic transmission and blissfully efficient air conditioning. It was, of course, a diesel.

There are diesel cars with higher top speeds, quicker acceleration and longer range than a 190D 2.5. A year ago I drove a turbo-diesel Citröen XM 700 miles (1126 km) from Wales to Le Mans via Paris on a single tankful at 45.75 mpg (6.17 l/100 km). It had manual gears and no air conditioning.

But for sheer urbanity, no other diesel cars available in Britain can match the Mercedes 190D 2.5 or its bigger brother, the 300D. Their engines, encapsulated in sound damping material, spring to life in the morning with a chuckle, not a clatter. When accelerating hard, their song is a baritone.

Cruising at around 80 mph (130 kmh) on the autoroute and at rather more than that on the autobahn, whatever noise the engine made was drowned by the swish of tyres and rustle of wind.

The 190D 2.5 is a solid, safe car of great integrity. The doors thud softly shut. It rides well, with never a creak on the roughest roads. The boot is big; two sets of golf clubs in trolleys nestle inside with room to spare. Up front, it is quite spacious though in the rear, legroom is adequate rather than generous. The seats are well shaped if a bit on the firm side.

Having no turbocharger, it does not exactly leap away from a standstill like its turbo-diesel engined rivals. It has to be said that front-heavy balance because of the extra weight of the 5-cylinder engine does nothing for its agility if driven fast on winding roads. But neither of these characteristics will be seen as snags by motorists mature enough to feel that tyre squealing starts at traffic lights are strictly for exhibitionists and that speeds should be moderated on country roads liable to be shared with tractors or horses.

The 4-speed automatic transmission works with silken precision. Changes are almost imperceptible and the kick-down is gentle. Even so, I prefer engaging third manually by moving the selector lever back one notch when I know I am about to need extra urge for overtaking.

The automatic 190D 2.5 majors not on excitement but on its sheer worthiness. It strikes me as an ideal car for a motorist who genuinely cares for the environment and does not just pay lip service to the need to protect it.

Its exhaust emissions are as clean as those from a petrol car with the most sophisticated catalytic converter. Given proper servicing, they will not deteriorate over practically the whole of its long working life.

Because its fuel consumption is at least 25 per cent better than that of a comparable petrol-engined car, it puts that much less carbon dioxide – the so-called greenhouse gas – into the atmosphere.

On top of all this its fuel is cheaper than unleaded petrol in virtually all European countries. (In France, where 40 per cent of newly registered cars are diesels, their fuel costs £2 a gallon which is about two-thirds the price of a gallon of petrol).

The British government, anxious to be seen to be green, still seems unaware of the diesel car's environmental friendliness. At least, it is doing nothing to encourage their use as company cars.

Tax rules even work against them. Because diesels produce less power per litre than petrol engines, they need more cylinder capacity. This usually puts them into the next tax band. Driving a 190D 2.5 (£20,640 basic, nearer £27,000 with all manner of nice things like air conditioning, automatic transmission, alloy wheels and radio) would cost a company car user-chooser dearly.

Why diesels make good sense for the environmentally caring

This cannot be right.

Diesel car sales have been relatively buoyant in this year of recession. In absolute terms, numbers are down but as a proportion of the car market they are up. The forecast is that about 10 per cent of UK registrations in 1991 will be diesels against 8 per cent last year. Most will be small or small/medium saloons and hatchbacks in the Ford Fiesta and Escort, Peugeot 205/405 and Citröen BX class. Business executives tend to prefer automatic transmission and two-pedal diesels are fairly thin on the ground.

Other than Mercedes, only Vauxhall (the Carlton) and Citröen (XM and BX) list them at present. Even the exceptionally interesting Audi 100 with a direct injection diesel engine is offered only with 5-speed or 6-speed manual gearboxes. Fiat's super-frugal 2.5 litre direct injection Croma diesel automatic is not sold here.

Cock-eyed company car tax situation apart, executive class diesels make good sense for anyone who really cares for the environment and who likes driving well, not too quickly and aggressively.

A few days ago it was reported that member states of the European Commission may soon agree to levy a $10 "carbon tax" on each barrel of oil. If they do, it will increase pump prices by between 25p and 30p per gallon (5.5p to 6.5p per litre) – and strengthen the economic case for the diesel car.

The car industry hopes the chancellor of the exchequer will remove the fiscal disincentives to executive diesel car usage in his budget next March. Last time, having explained diesel car benefits endlessly to government advisers and senior civil servants, it thought the message had gone home.

But the chancellor drew back from the brink. The industry – and the environmentally concerned – will be disappointed if he misses his second chance.

As they say in Europe

South Tyrol and a paranoid thought

***James Morgan** on how separatism is being viewed by EC governments*

WHAT CRITERIA will members of the European Community apply in deciding whether to recognise the independence of Croatia and Slovenia?

The answer will be purely domestic, depending on whether there is a violent separatist force at home. Thus Britain, France and Spain are unenthusiastic. *El Pais* of Madrid even carries nervous headlines like "*Euskadi* (the Basque Country) is not Croatia."

Italy is a tricky case. It seems almost as enthusiastic as the Germans about the breakaway republics. Yet Italy faces its own separatists, and things are hotting up in Alto Adige. This is where a few hundred thousand Germans, or Austrians, live, and many would like to be Austrian again. They were detached from the Fatherland at the end of of the First World War. They call the Alto Adige the South Tyrol.

The Austrian press is following news from the region with glee. Events in Yugoslavia have helped the separatists. Thus *Die Presse* of Vienna carried a whole page on "Autonomy Movements" in central and eastern Europe and led off with the South Tyrol. The headline was "Taboo-theme becomes respectable."

Last weekend there was a "Pan-Tyrol" festival bringing German-speakers from both side of the border together in a festival entitled "Reflections on Tyrol." *La Repubblica* of Rome talked to the secretary of the youth group of the German party in the South Tyrol, Christian Waldner.

The interview demonstrated a certain mutual mistrust. "We asked him to explain the 'socio-cultural' aims of the gathering but he read only a few phrases from the manifesto for the occasion. An ugly impression!" wrote reporter Leonardo Coen.

Back in Vienna, *Die Presse* quoted separatists who demanded that their "fair" stance be recognised. Italy had failed to honour the autonomy legislation that had been established for the region. The paper also quoted the Austrian Chancellor, Franz Vranitzky, as saying: "There is no need for Austria to depart from its basic South Tyrol policy . . .(Austria) is interested in bringing a package agreement to a conclusion." Which is about as ambiguous as you can get.

La Repubblica argues that the fanning of German nationalism in the South Tyrol adds to the strength of the MSI, the successor to the Italian fascist party. The MSI holds counter-demonstrations and sells T-shirts for 10,000 lire inscribed "Thank God I'm Italian".

The German Germans take some interest in all this. The Rome Correspondent of the *Frankfurter Allgemeine Zeitung* wrote that "earnest Romans" (!) were enraged by suggestions of any diminution in the rights of the Italian population of South Tyrol.

Referring to the meeting which had attracted the hostile attention of *La Repubblica*, the *FAZ's* man argued: ". . . these get-togethers involving South Tyrol clubs are of a harmless, benevolent nature which nevertheless are transmuted in the Italian newspapers into SS reunions."

The *FAZ* added Rome was "shocked from its holiday mood when the *Corriere della Sera*, presumably against its better instincts, blew on the nationalist fire and upset its readers with its front page headline on Sunday: 'South Tyrol like Lithuania.'"

Paranoid thought of the week: the Adige, which provides the Italian name for the region, is in German the River Etsch. The Etsch appears in the old first verse of the German national anthem as the southern border of that bit of the world in which *Deutschland* is supposed to be *über Alles*. The eastern border in the anthem is marked by the River Memel, now in Lithuania.

■ ■ ■

"The schools are increasingly described as 'out of touch' or 'corrosive' and as being co-responsible for for the increase in violence, crime, drug abuse and failure in our society. The blame is almost always attached to the shortage of teachers and the splitting of the school system between the old three-tier type and the new comprehensive ideology."

"The ruling establishment must ask what is the motive for thinking of the School as a secondary 'sector' of society in spite of the billions spent on education . . ."

To British readers these complaints sound almost boringly familiar but they come, respectively, from *Die Welt am Sonntag* of Hamburg and *La Repubblica*. A book published in West Germany in 1964 was called *The German Education Catastrophe*. It argued that unless things changed radically the Federal Republic was going to be easily outstripped by East Germany thanks to its vastly superior education system. The book did lead to some reforms.

Today the British are mesmerised by statistics showing that they have a lower proportion of 16 to 20-year-olds, or whatever, in higher education than any other developed nation. But we never see the proportions of four to six-year-olds who go to school, where Britain surely leads.

That may or may not matter very much. But do we not know what all those older pupils are in fact studying. Last year in Washington I was told that huge numbers at "university" were in remedial reading classes. And what is to be made of statistics showing the large number of "children" of 27 to 30 in permanent higher education in Germany?

■ *James Morgan is Economics Correspondent of the BBC World Service.*

COUNTRY PROPERTY

STRUTT & PARKER

KENT - Ickham. Canterbury 4 miles, Sandwich 8 miles. A pretty late 17th century house, set in beautiful gardens in a secluded village setting. 3 reception rooms, kitchen/breakfast room, 4 bedrooms, dressing room, 3 bathrooms, 2 attic bedrooms. Excellent detached 2 bedroomed cottage. Garaging. About 1 acre. Region £450,000.
Canterbury: (0227) 451123. Ref.8BB3444.

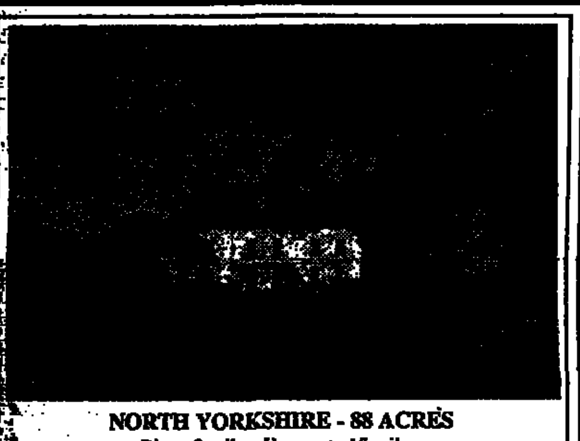
HERTFORDSHIRE. Bishops Stortford 6 miles, Hertford 9 miles. A magnificent Manor House, dating from the mid 16th Century, situated amidst open countryside in a bend of the River Rib. Galleried entrance hall, 5 reception rooms, kitchen/breakfast room, 9 principal bedrooms, 4 secondary bedrooms, 6 bathrooms. Triple garage, hard tennis court, 2 paddocks, stables. Fishing rights. About 11 acres.
St Albans: (0727) 40285. Ref.16AB0284.

BEDFORDSHIRE - Northill. Biggleswade 4 miles, A1 (M1) 4 miles, Kings Cross 48 minutes. A distinctive Grade II listed Georgian residence in the centre of its own peaceful gardens and grounds. 3 reception rooms, 5 bedrooms, 2 bathrooms. Domestic offices. Excellent equestrian facilities including a manege, stables, 3 barns, walled garden, pond, railed paddocks. About 35 acres. Joint Agents:
Bryan Bishop & Partners: 043871 8877.
Strutt & Parker London: 071-629 7282. Ref.1AA50864.

LINCOLNSHIRE. Lincoln 12 miles, Gainsborough 7 miles, Newark 17 miles. An outstanding Residential, Sporting and Commercial Arable Farm. Magnificent contemporary house with 4 reception rooms, 4 bedrooms, 2 bathrooms, shower room. Garaging, workshop, lake. Modernised 2 bedroom bungalow, modern farmbuildings. About 574 acres. As a Whole or in 4 Lots.
Grantham: (0476) 65886. London: 071-629 7282. Ref.4AA5456.

13 HILL STREET BERKELEY SQUARE LONDON W1X 8DL
071-629 7282

Lane Fox



NORTH YORKSHIRE - 88 ACRES
Ripon 3 miles, Harrogate 15 miles,
York 25 miles, A1 2 miles, Leeds/Bradford Airport 22 miles
AN EXCEPTIONAL SMALL COUNTRY ESTATE
In an outstanding position with a fine Regency Country House
Hall, 4 Reception Rooms, Conservatory. Nursery.
Kitchen/Brakfast Room, Cellar, 9 Bedrooms, 5 Bathrooms.
Staff Annexe. 2 Excellent Cottages.
Traditional Stable Block. Extensive Outbuildings. Swimming Pool.
Tennis Court. Magnificent Gardens. Parkland. Paddocks and Woodland.
Joint Agents: J H Jackson & Co 0423 323171
& Lane Fox 071-499 4785

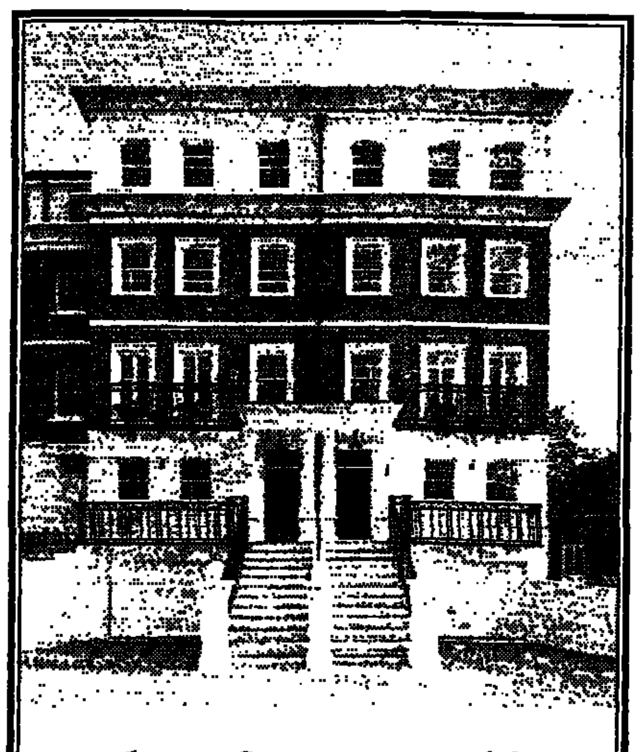
BERKSHIRE - 15 ACRES
Newbury 4 miles, Basingstoke 14 miles, M4 7 miles.
AN OUTSTANDING FAMILY COUNTRY HOUSE
With first-class accommodation. set in superb gardens and grounds
Reception Rooms. Breakfast Room, Cellar, 6 main Bedrooms, Dressing Room, 3 Bathrooms. Staff/Nursery Wing. Secondary Bedrooms.
Outbuildings. Coach House. Swimming Pool, Tennis Court. Paddocks. Woodland. 1¼ miles of fishing on the River Enborne.
Lot 2: Pair of 2 bedroom Cottages.
FOR SALE AS A WHOLE OR IN TWO LOTS
London Office: 071-499 4785

WILTSHIRE - 60 ACRES
In the Beaufort Hunt
Chippenham 5 miles, M4 6 miles, London 92 miles
AN IMMACULATE SMALL RESIDENTIAL ESTATE
in an outstanding rural position.
4 Reception Rooms, Smallbone Kitchen with Aga. 6 Bedrooms, 4 Bathrooms, Landscaped Gardens and Lake.
Covered Swimming Pool. Tennis Court. Modern Office.
Stabling and Farmbuildings. Oak wood.
A further 72 acres and a pair of Semi-detached Cottages are available separately including well fenced pasture, and farmbuildings.
FOR SALE AS A WHOLE OR IN LOTS
London Office 071-499 4785 & Cirencester Office 0285 653101

Head Office: 15 Half Moon St. London W1.

"PLAISTOW. Attractive country Estate. 350 Acre farm. Fine house. Cottage. Woodland. Milk quota. Smiths Gore, Petworth. 0798 42502".

LONDON PROPERTY



London's finest new address

- Superb houses and apartments
- Individually styled interiors
- 24 hour security with resident porter
- Secure underground parking
- Landscaped setting, private gardens

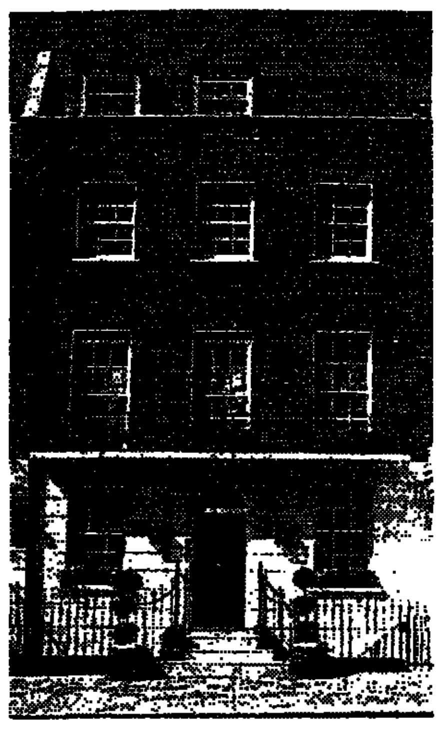
Prices from £205,000
Showhouse viewing by appointment:
Weekdays 10am – 6pm, Sat 10am – 4pm, Sun 2pm – 6pm.

KENSINGTON GREEN
LONDON W8

Telephone: (071) 938 3350

ALLSOP 071 584 6106 | EGERTON 071 584 7020
SAVILLS 071 221 1751 | W·A·ELLIS 071 581 7654

A residential development by St. Mary Abbots Ltd., a joint venture company between Taylor Woodrow Capital Developments Ltd. and Mitsui Kensetsu (UK) Ltd.



TREVOR LODGE
KNIGHTSBRIDGE
SW7

AN IMPOSING DOUBLE FRONTED RESIDENCE OCCUPYING A PRIME POSITION CLOSE TO HYDE PARK

RECEPTION HALL, DRAWING ROOM, FORMAL DINING ROOM, HAND-BUILT KITCHEN, CONSERVATORY/BREAKFAST ROOM, MASTER BEDROOM SUITE, 4 FURTHER BEDROOMS, 4 BATHROOMS, GUEST'S CLOAKROOM. SEPARATE STAFF ACCOMMODATION WITH BATHROOM, SECLUDED WEST FACING GARDEN, DOUBLE WIDTH GARAGE.

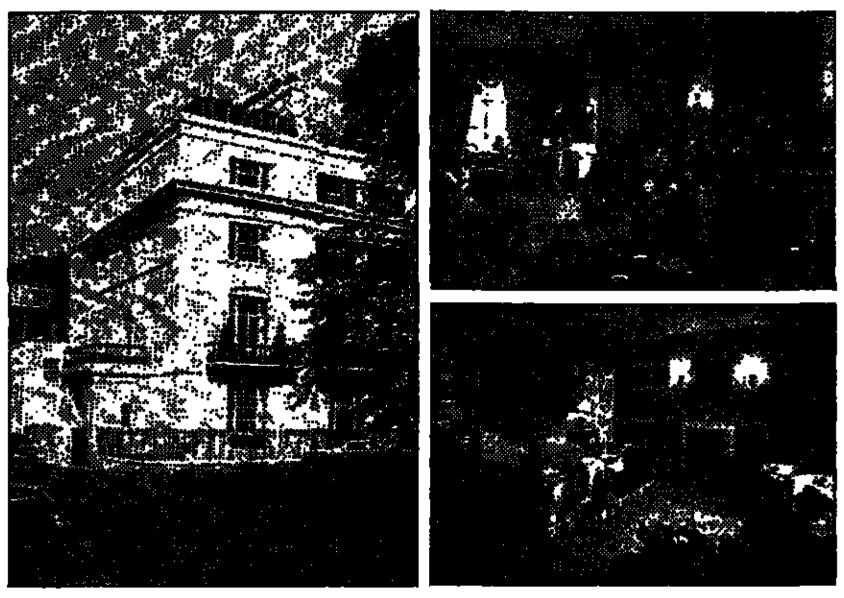
74 YEAR LEASE £2.65M

RUSSELL SIMPSON
5 ANDERSON STREET, LONDON SW3 3LU
FAX 071-581 3859
071-225 0277

LASSMANS
071-499 3434

JOINT SOLE AGENTS
SUBJECT TO CONTRACT

GROSVENOR RESTORATIONS



80 Chester Square

BELGRAVIA LONDON SW1

Unquestionably one of London's finest houses

This magnificent corner house C 1840 in a prime location in one of London's finest residential garden squares enjoys a superb westerly outlook along the length of the Square garden.

The property, one of the largest in the square and with an unique layout, has just been totally restored to the exacting standards of Grosvenor Restorations to provide a London residence of major importance.

Reception Hall, Dining Room to seat 12-14. · "L" shaped First Floor Drawing Room, Library, Second Reception Room, Conservatory, · 6 Bedrooms (each with ensuite Bathroom) Kitchen/Breakfast Room with Servery, 3 Staff Rooms and Bathroom, · Utility Room, Wine Cellar, Excellent Storage space etc · in all about 7630 sq ft. (709 sq m) · with · Passenger Lift: Two-car garage and Chauffeur's Room: Access to Square Gardens · Superb final decorations by Joanna Wood.

Grosvenor Estate lease of approximately 64 years for sale.

For full details and illustrated brochure apply to the Joint Agents:

W·A·ELLIS
174 Brompton Road London SW3 1HP
Telephone 071-581 7654

FRIEND & FALCKE
82 & 83 Chester Square London SW1W 9HJ
Telephone 071-730 0054

Whose judgement can you trust in a market like this?

At Property Vision we work for buyers to find them the best houses and flats in London. Our clients are busy people who do not have the time to get the inside track. Our negotiating skills are well known. We are not estate agents.

PROPERTY VISION

In business for the buyer in London
071-602 8788

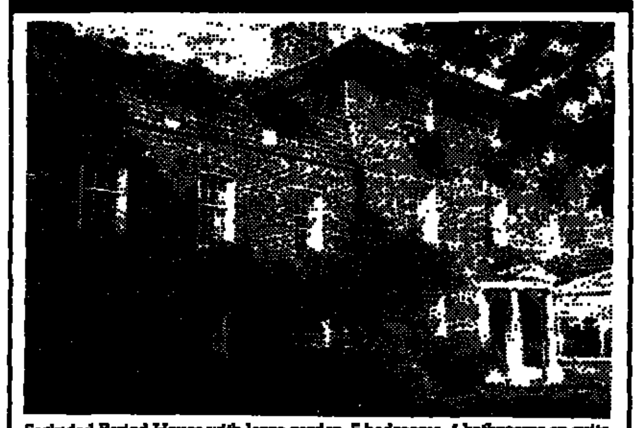
The exclusive property buying service for
SOTHEBY'S

London Rentals

We have a large selection of good quality flats and houses in all London areas. For immediate occupation. Our courtesy cars are at your service.

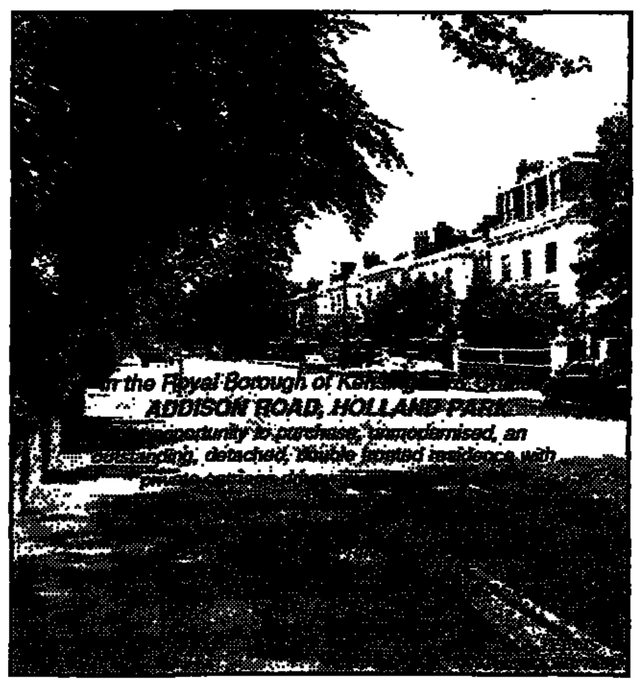
Tel: 081 452 1358

LORDS CRICKET GROUND N.W.8
200 YARDS



Secluded Period House with large garden, 5 bedrooms, 4 bathrooms en suite. 3 reception, large conservatory, F.F. kitchen, cloakroom, cellar, roof terrace, gas c.h., entry phone, double garage and off street parking for 12 cars. Planning permission to extend house has been obtained. £1,150,000 freehold. Also available adjoining 2/3 bedroom cottage, 2 bathroom, F.F kitchen, dinning room, large reception room with roof garden. garage.

071 - [illegible]
Phone Caretaker To View Today or Tomorrow



COUNTRY PROPERTY

STRUTT & PARKER

BERKS/WILTS BORDER Hungerford 6 miles. M4 (J14) 8 miles. Marlborough 8 miles. Swindon 10 miles. Paddington 50 mins.
A magnificent Grade II Listed manor house centrally positioned in a pretty village.
4 receptions, 7 bedrooms including 2 bedrooms which can offer separate accommodation, conservatory, large ground floor suitable for offices/games rooms, Garaging, outbuildings suitable for studio/garden room. Landscaped walled gardens. About 1½ acres Region £670,000
Newbury Office: 55 Northbrook Street, Tel: (0635) 521707 (Ref. 14AA546)

13 HILL STREET BERKELEY SQUARE LONDON W1X 8DL
071-629 7282

William H. Brown

HERTFORDSHIRE
"Company" Tenancy for Sale

MAGNIFICENT PERIOD COUNTRY HOUSE SET IN DELIGHTFUL PARKLAND

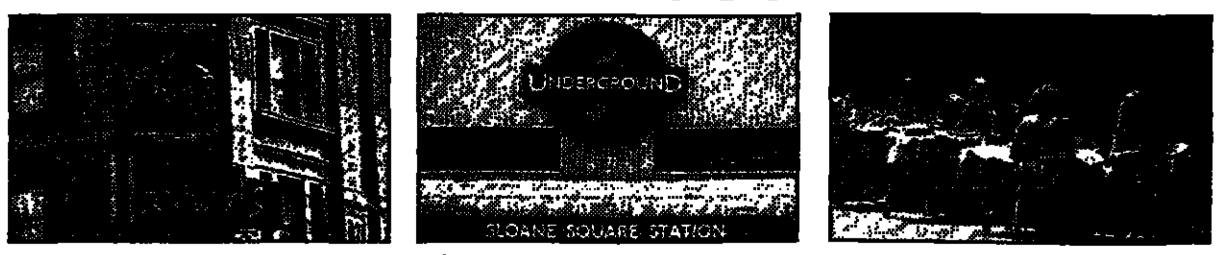
940 Acres

Farmhouse, 7 Estate Houses,
Extensive Modern Farm Buildings,
Productive well managed arable farm.
40 acres of woodland creating an outstanding shoot.

Contact Ian Youdan
Tel: 0476 591991

HEAD OFFICE: The Maltings, Wharf Road, Grantham, Lincs. TEL: 0476 591991

The Chelsea Life



The Chelsea House

Charles II Place is unquestionably one of London's most prestigious addresses, situated in a tranquil location behind the King's Road SW3; between Smith Street and Radnor Walk. The perfect place to enjoy the very best of Chelsea Life.

Chelsea continues to lead the Capital in high fashion, from top class couture to the latest craze, to the very best in shops and restaurants. Culture abounds, with numerous galleries, The Royal Court Theatre, Chelsea Arts Club and the annual Chelsea Flower Show. Harrods and Harvey Nichols are a short distance away in Knightsbridge.

Charles II Place is an award winning residential development of houses ranging from 1 - 4 bedrooms, and successfully combines classical and modern architecture, recreating the ambiance of a delightful Chelsea street.

These superb houses are fine examples of prime London property, ideal as family homes but also offering good value for investment or rental opportunities with garage parking, excellent security and a resident porter.

The Sales Office is open daily from 11.00am - 5.00pm Monday - Friday, and from 1.00pm - 6.00pm at the weekend.

3 bedrooms from £360,000, 4 bedrooms from £545,000. Freehold.

ALLSOP 071-584 6106 | Charles II Place, 77 Kings Road, SW3. 071-351 9151 | SAVILLS 071-730 0822

COUNTRY PROPERTY

RETURN TO DEVON

Little can disturb a perfect life at Maidencombe House, near Torquay or St. Elmo Court Salcombe.

Two magnificent developments of luxurious 2 and 3 bedroom apartments which are both beautifully located, and superbly equipped to meet the very highest expectations. Homes that once viewed, will compel you to return.

LUXURIOUS 2 & 3 BEDROOM APARTMENTS From £150,000

Maidencombe House

TEIGNMOUTH ROAD · TORQUAY

LUXURIOUS 2 BEDROOM APARTMENTS From £175,000

St. Elmo Court

SANDHILLS ROAD · SALCOMBE · DEVON

So for full details, return the coupon or ring (0803) 311728 or (054884) 3966.

FIRST CLASS

I would like further information on properties at (please tick) MAIDENCOMBE HOUSE ☐ ST. ELMO COURT ☐

Name

Address

Postcode Tel

Post today to Aru Estates, Maidencombe House, Teignmouth Road, Torquay, Devon. FT2

SHOW HOUSE SALE

BRIGHTON MARINA
BUILT FOR LANDLUBBERS WITH AN EYE FOR A BARGAIN.

Brighton Marina offers superbly appointed award winning houses and apartments. Choose one of the three show homes for sale and you'll find a host of additional benefits to enjoy. All at no extra cost.

Fully fitted carpets, curtains, kitchen appliances, light fittings and, of course, fabulously decorated, top to bottom, by our interior designer.

All Barratt homes are backed by our House Exchange Service, plus a 3 year mortgage Redundancy Protection Scheme, so you'll feel you're riding on the crest of a wave.

The three show homes available include a 2 bed at £195,000, a 4 bed at £310,000 and a 4 bed for £420,000.

See for yourself. We are open every day from 10am to 6pm. Telephone 0273 571365. Or you can telephone our hot line 9am to 9pm on 0483 306480.

BARRATT

PROVEN CAPITAL GAINS TAX SHELTER

From £30,000 upwards no limit

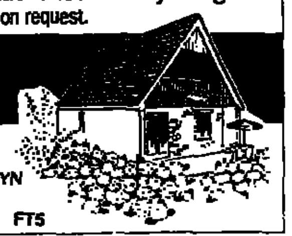
Managed property investment

Trouble free investment providing proven CGT roll over relief.

- Fully managed
- Mortgageable properties
- Choice of location
- Secure ownership
- Fully furnished
- Established holiday villages

Full details (including video if desired) on request.

DOMAINE LEISURE



Domaine Leisure Ltd., Dept. 000. Domaine House. Gulval, Penzance, Cornwall TR20 8YN
Tel: 0736 60260 or Fax: 0736 51219 FT5

BEDFORD
COUNTRY PROPERTY AGENTS

SUFFOLK
Comprehensively restored Grade II Listed elegant
GEORGIAN VILLAGE HOUSE
between Bury St. Edmunds and Diss (1½ hours City) 3 Reception, Study, Farmhouse Kitchen/Breakfast, 7 Bedrooms, 2 Bathroom. Secluded and mature grounds. Keenly priced £297,500 - but try an offer.

Urgent Sale Required

0284 769999

WEST SUSSEX HAYWARDS HEATH
(London 45 mins)

Neo-Georgian detached house. Situated in quiet cul-de-sac close to town centre. Comprises 4 beds, 2 bathrooms (1 en suite), 3 reception, new kitchen, large utility/conservatory. Good size mature gardens, garage.

£170,000

0444 415543

Isle of Man

Small residential estate. 35 acres. Douglas 5 minutes, Airport 10 mintues. Low taxation etc. Newly constructed split level house. 3 recep. 4 bed. 4 bath. Enormous potential; gardens require landscaping. Price Guide £395,000 - £450,000.

Tel: 0484 423822 - Office 0924 840527 - Evenings & Weekends 0836 641871 (mobile).

LOCATED ON RIVER THAMES at Staines in ⅓ of an acre, very large detached bungalow with nine rooms, two bathrooms/showers, balcony, on private road. Fully furnished., swimming pool, 100 ft. private mooring. £330,000. Tel: 0784 465623

WITCHAMPTON DORSET. Lovely period barn conversion in outstanding countryside. 4,000 Sq Ft courtyard. Baronial Hall. Granny annexe £495,000 Tel. 0425 472971.

"**LEICESTERSHIRE.** Ketton. Two Listed stone cottages. Consent for conversion to single dwellings. Smiths Gore. 0733 67231"

***WEALD OF KENT,** Cranbrook Attractively* converted and architecturally listed barn in 29 acres. Situated in a lovely rural position away from main roads etc. yet not isolated. Providing 4 beds, 2 baths, lge lounge, dining rm, cloakroom, kit., garaging plus further agricultural barns. Attractive gardens. Cranbrook school catchment area. Price. £395,000. Tel: 0580 714637.

TUNBRIDGE WELLS, superb new 3 bedroom penthouse apartment, exceptionally high specification, 1,250 sq. ft. plus spacious balconies, close to town centre yet overlooking green belt parkland £175,000 for quick sale. Telephone (0892) 541137.

BROCKENHURST. 2 NEW Interestingly designed family houses offering high standards in living space,specification,style and quality.2/3 receps,4 beds,2 baths.Show hse open W/ends P/Ex considered.£245,000 each F/H.Fox & Sons.Lymington (0590) 675424.

INDIVIDUAL RETIREMENTS FOR INDEPENDENT PEOPLE

Our latest development of 2 & 3 bedroom cottages apartments & maisonettes now available for viewing

FRAMERS COURT, LANE END
Nr. MARLOW

£165,000 - £240,000

The English Courtyard Association
8 Holland Street, London W8 4LT
Telephone 071 937 4511

E

FIM

WOODLANDS FOR SALE

RHIWAEDOG, PALE, GWYNEDD. 152 ACRES
A 38 year old commercial plantation with a substantial volume of timber. Guide price £100,000.

TY UCHAF, BETHEL GWYNEDD. 26 ACRES
A 37 year old high yield class conifer plantation. Guide price £20,000.

TY HEN, CARMARTHEN, DYFED. 25 ACRES
A small and well stocked attractive plantation with sporting rights. Guide price £15,000.

GOLDEN GROVE, LLANDEILO, DYFED. 140.8 ACRES
As a whole or in 3 lots
Fertile site in excellent tree growing area. Mixed woodlands with land for replanting. Easily accessible from M4. Guide price £95,000 for the whole.

Forestry Investment Management
Glebe Barn, Great Barrington, Burford, Oxford OX18 4US.
Telephone: Windrush (04514) 655

FIMBRA

Langley-Taylor

PERTHSHIRE - BY ALMONDBANK

Perth 4 miles Edinburgh 46 miles

AN HISTORIC AND FASCINATING ANCIENT OAK WOOD OF GREAT INTEREST, VARIETY AND BEAUTY

Part of the Original Caledonian Forest and Scene of the Slaying of the King of Scotland and the Commencement of the Great Montrose's Famous Campaign

Ruined Cottage *Roe Deer Stalking* *Excellent Rough Sport*

Maturing Conifer Plantations
ABOUT 168 ACRES IN ALL and
About 47 Acres of Grassland on the Fringe of Almondbank with Sand and Gravel Deposits and 2 Further Small Conifer Plantations
For Sale with Vacant Possession either as a Whole or in up to 3 Lots

10 Great Stuart Street
Edinburgh EH3 7TN

Tel: 031-220 0576

LEIGH, SURREY (REIGATE 4 MILES)

Georgian Red Brick Farmhouse with attached 17th Century Barn. Garden & Grounds of 29 Acres with Attractive Stream. 2/3 Recep, 4 Good Bedrooms, Scope for Enlargement. Offers around £500,000.

White & Sons. Dorking (0306) 887654

BATCHELLER AND THACKER

SPECIALISING IN THE SALE OF COUNTRY HOUSES AND COTTAGES

HANDSOME VICTORIAN MANSION SET IN OVER 30 ACRES AND LOCATED IN AN AREA DESIGNATED AS BEING OF OUTSTANDING NATURAL BEAUTY, WITH DRAMATIC SOUTHERLY VIEWS. IDEAL FOR CORPORATE ENTERTAINING/FAMILY USE. ONLY 2 MILES FROM TUNBRIDGE WELLS.

dining hall, 5 reception rooms, 6 bedrooms, 3 bathrooms, extensive cellarage and attic area, 1 staff flat, 1 granny flat, garaging for 5 cars, lovely gardens, paddocks and woodland with several lakes

SERIOUS OFFERS UNDER £1.5 MILLION.

some contents may be available in addition.

TELEPHONE BATTLE (04246) 3577

PLUM TREE FARM, BESTHORPE Nottinghamshire Newark 8 miles, Lincoln 14 miles, Grantham 16 miles, Nottingham 28 miles. A beautiful & opacious Grade II *listed Georgian house* Recently fully refurbished to provide excellent family accommodation.- 2 reception rooms, Victorian style conservatory, study, breakfast kitchen, 5 bedrooms, 3 bathrooms Outbuildings. *Barn with p p for conversion.* Rural location & about 0.74 of an acre. Offers around £270,000. Apply Smith-Woolley Tel: (0636) 892456

Humberts

By Direction of the Receivers
Somerset, Nr Frome
Bath 14 miles, Bristol 25 miles
Grade II* mansion in an unspoilt rural position, with consent for nursing home, with coach house for extension/residential conversion.
Of classical appearance dating from ca. 1700. Registered for 23.
21 bedrooms, 8 bathrooms and ancillary accommodation. Landscaped grounds.
Available as a whole or in 2 lots
Offers invited in the region of £650,000 for the whole
Details: Taunton Office Tel: (0823) 288484

GEORGE F. WHITE

NORTH NORTHUMBERLAND
168 Acres
A delightful grassland farm in the upper reaches of the Coquet Valley. South-facing, well sheltered land in mature wooded countryside. Stone cottage forming part of traditional 3-sided steading; Hay Barn; Mains Water & Electricity.
Guide Price: £220,000
Alnwick (0665) 603231

SUFFOLK. Ipswich Town Centre 5 miles. Light farmhouse with 4 beds, commanding views beyond the large garden. A compact block of attractive arable land set in the heart of Suffolk. Range of traditional farm buildings with planning potential. About 72 acres. For sale as a whole or in 3 lots by private treaty. Strutt & Parker 11 Museum Street, Ipswich Tel: (0473) 214841.

"**NORTHUMBERLAND.** Alnwick. 1575 Acre Estate Principal house, cottages, farm buildings. As a whole or four lots. Smiths Gore 0434 632001."

EASTBOURNE, superb new 3 bedroom penthouse apartment in prestigious sea-front square, exceptionally high specification, 1,050 sq. ft., splendid sea views. £275,000 ono to include carpets, curtains, light fittings and 3 landscaped sun terraces. Telephone: (0323) 649771.

GARDENING

ANNIE SHAW GARDEN DESIGN ASSOCIATES

Design of large and small, town and country gardens and landscapes available throughout south of England. Award winning designer with 10 years experience.
Construction can be arranged using quality craftsmen. Portfolios available.
Competitive fees.

ANNIE SHAW BA
26 Park Road, East Molesey, Surrey KT8 9LE Tel: 081-979 6612

LONDON PROPERTY

HOMES TO RENT IN ALL THE BEST PLACES.

Are you looking to rent a house or flat, furnished or unfurnished?

We'll offer you the finest selection in London.

We're rental specialists, with 30 years experience of *making renting easy.*

We're helpful and friendly.

We'll soon help you settle into the right place for you.

Call 071-435 9681 for the best in Hampstead, N & NW London.

Or 071-938 3522 for the best in Kensington, W & SW London.

BENHAM & REEVES
RESIDENTIAL LETTINGS

The most accommodating letting agency

14 UPPER KINGSWELL NW3 1FN.
5 THACKERAY ST. W8 5ET

PARK LANE MAYFAIR

Company flat for sale as one unit or as two separate units.
(1) 3 bed luxury apartment with views to Hyde Park. Long lease. £450,000.
(2) 2 bed luxury apartment. Will convert to 3 bedrooms. £375,000.

Tel. 0222 460996.

LONDON PROPERTY

NEW YORK LOFTS ..... IN LONDON

THE CANVAS HOUSE - JUBILEE YARD

250 yards from Tower Bridge

'Shell finish' Victorian Warehouse Space High Ceilings. Overlooking Courtyards.

Apartments 1,200 sq ft to 2,200 sq ft from £105,000. Studio Offices to lease from £7.00 sq ft, or to buy from £80 per sq ft.

Parking available

Call Sarah or Sam 071-232 1100 or 071-403 3030

EALING. W5

Two award winning developments in Ealing's most prestigious roads, offering superb houses of 1750 - 2600 sq. ft.

Hill's Mews Florence Road:	Unexpectedly available due to relocations two 3/4 bedroom new houses from £250,000.
Magnolia Place Montpelier Road:	Ten stunning 4/6 bedroom new houses with exceptional accommodation, garages, conservatories and gardens. All guarantees. Must be seen. From £325,000. * 4 sold * 1 under offer * 5 available.*

For further details call
WHITMANS tel: 081 747 8500

25 Jermyn Street St James's SW1

Only 2 one bedroom apartments left. Offers invited on the *remaining* studios.

Show flat open 11-4 weekdays

071 287 9228

Home & Sons 071-499 9344

ALEX. Park N22. Beautiful 4 bedrm Victorian Hse. Nr BR & Palace. 2 large recepe. Original features sth facing 75 ft garden. G.C.H *Freehold* £157,000. 081 888 2336 Ans. ph.

LONDON RENTALS

HOLLAND PK. View Balc. 2 beds, Rec., Din. Pter, F/furn. C/H. Avail. now £395 p w. Tel: 071 584 4443

BAKER STREET. Superb, huge. 2 Bed, 2 Baths Flat. All facilities. 24 hr security. hot W/CH inc. £325 pw. 081 893 5629.

***HAMPSTEAD W.** Large 2 Bed exec apart*ment. 6-12 mths £325 p.w. 071 586 5127.

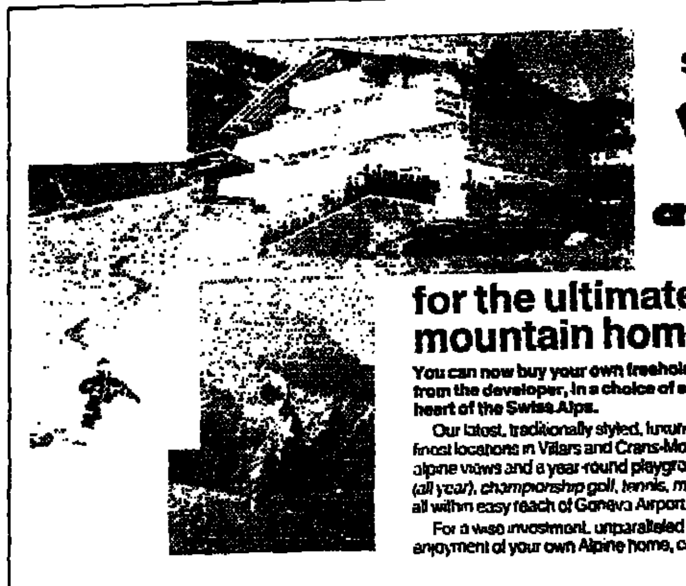
DOURO PLACE, Kensington, W8. Charming 3 bed. 2 Recep. Maisonette to let unfurnished plus lock-up garage. £400 per week - Sole agents Mellersh & Harding 499-0866.

CHISWICK RIVER side-, 2 bed furnished flat *in detached house, CH, off street parking* £190, per wk. Call 081.995-7729 day/eve.

CAR PARKING

TOWER BRIDGE/CITY. Underground security car parking available now to rent. £35 per week. Tel. 071 403 9201.

INTERNATIONAL PROPERTY



SWISS ALPS
Villars
&
crans-montana

for the ultimate mountain home

You can now buy your own freehold chalet-apartment, direct from the developer, in a choice of superb locations in the heart of the Swiss Alps.

Our latest, traditionally styled, luxurious apartments occupy the finest locations in Villars and Crans-Montana with breathtaking alpine views and a year-round playground on your doorstep. Skiing *(all year), championship golf, tennis, mountain walking or sailing* are all within easy reach of Geneva Airport.

For a wise investment, unparalleled Swiss lifestyle and the sheer enjoyment of your own Alpine home, contact.

Kohli Construction
Collier House, 163-169 Brompton Rd, Knightsbridge, London SW3 1HW.
Tel: 071-589 4567/071-581 1288 Fax: 071-581 1124.

PRINCIPALITY OF MONACO

RARE OPPORTUNITY
LOVELY VILLA

For sale, with small private garden *in sunny location, not* far from the city-center, composed of nice living room, *dining room, 4 bedrooms,* fully equipped kitchen, office and garage. All in *excellent state.*

For *further* details please contact:

A.G.E.D.I.
ERI Residential
7 et 9, Boulevard des Moulins
MC 98000 MONACO
Tel: (33) 93.50.66.00.
Fax. (33) 93.50.19.42

GREATER ORLANDO

30 Min. to Disney • From $64,900
Luxury Lakefront Villas • 24 Hr. Security • Free Golf Membership
On premises Property Management
Excellent Financing • *Call Fone Free*
0-800-89-4429
Outside UK
813-324-2640 *reverse charges.*

SIMPLY

The most exclusive property portfolio on the Southern Shores of the Mediterranean, prices commencing at £100,000 to over £1 million, all portrayed on video for your convenience. To receive a free-video, write, fax or phone to the people on the spot and in the know.

Phone/fax 010 34 51 460 483
Write Apartado 192, 04620 Vera, Almeria
Real Estate European
A sophisticated method of Selection.

For sale exquisite

Lake-side hotel, in the heart of Switzerland.

This property has a unique location, surrounded by wonderful scenery. It is situated on e shores of lake Luzern, directly at the base of Mt. Rigi. It is also near the city of Luzern and Mt. Pilatus. *Surrounding grounds:* 18'768m², hotel with 80 beds, banqueting hall, 2 restaurants, gardens, disco and bar, small port with boat-house.

Price: US$ 15'000'000.--

A detailed description is available using the box number UG 1106 ofa Zug, P.O. Box, CH-6304 Zug

FENALU

PROPERTIES IN PORTUGAL

- Lisbon, Praça de Espanha, 3753 sq m. site with approvals for 14,000 sq m. construction above ground. 250 parking spaces.
- Lisbon, Rua Alexandre Herculano near Marques de Pombal Square. Outstanding building for sale. Total area above ground 2750 sq m. 65 car spaces. Delivery: September 1991.
- Lisbon, next to airport and Lisbon-Oporto freeway access, exceptional villa for office use. Covered area 870 sq m. possibility for 575 sq m.more. Garden.
- Algarve, between Quinta do Lago and Vale de Lobo, 9.5 hectares of development land with approvals for 59 detached villas and 50 undetached villas.

LISBON OFFICE
Tel:351-1-693106
Fax: 351-1-693107
351-1-659314

OPORTO OFFICE
Tel:351-2-695480/88
Fax: 351-2-6000256

FARO OFFICE
Tel:351-89-805324/26
Fax: 351-89-805327

PRESTIGIOUS APARTMENT - 650 SQM

PROBABLY THE MOST ELEGANT DUPLEX IN BRUSSELS

Situated in a representative property in a calm, pleasant environment with *concierge and private park in Rhode-St-Genese.*

Spacious luminous reception rooms with fire places and big marble terasses, large bedrooms individually decorated, 5 bathrooms, one with jacuzzi and *solarium.*

Fully equipped Poggenpohl kitchen with separate breakfast room and laundry.

Staff flat with separate entrance

ALL OF EXQUISITE QUALITY

Sold by the owner, tel +32 2 358 19 07, fax +32 2 358 23 73

SWITZERLAND
Sale to foreigners authorized

Lake Geneva & Mountain resorts

You can own a quality APARTMENT/CHALET in: MONTREUX, VILLARS, LES DIABLERETS, LEYSIN, GSTAAD Valley, CRANS-MONTANA, VERBIER, etc. from SFr. 200'000.— Credit facilities.

REVAC S.A. *52, rue de Montbrillant* – CH-1202 GENEVA
Tel. 41.22/734 15 40 – Fax 734 12 20.

TUSCANY

An exceptional property comprising 3.075 hectares including a hunting reserve, water springs, a mine producing Antimony and numerous restructured cottages to accomodate 150 people.The property has further potential.

For information
STUDIO ATTICI
DI ROMA Srl
Tel: (Italy)
66872158.Fax:6892820.

VILLARS SWISS ALPS
SKI AND SUMMER RESORT

75 minutes from Geneva airport.
A choice of distinguished chalet apartments in prime positions, on our exclusive private park
Domaine de la Résidence,
on the pistes or in the village centre.
Direct sale from the developer
Contact our UK office
15 Hortswood Road, London W12 9NE
Tel: 081 749 2188 Fax: 081 749 0339

IMMOBILIERE DE VILLARS S.A.

New York City

FINEST RESIDENTIAL PROPERTIES

U.S.$150,000 - U.S. $10,000,000
For personal use or investment contact:
PATRICIA WARBURG CLIFF
SR. VICE PRESIDENT
Tel: 212 891 7038 Fax: 212 371 5507
Man Spricht Deutsch, On Parle Français, Se Habla Espanol, Parlo Italiano
DOUGLAS ELLIMAN

PALM BEACH COUNTY, FLORIDA

We've Got Your Lifestyle!

Homes *Condos* *Villas*
Oceanfront Waterfront Golf Course

Halfpenny Associates
Phone or Fax 407 394 5428 (US)

CANNES

Superb 2/3 Bed. 2 Bath. Apt. 125m². 50m² Terrace. 180° Sea View. Pool. Tennis. *3.150.000* Frs.

Nr. Croisette. Luxurious new 2 Bed. 2 Bath. Apt. 90m² + 20m² Terrace. Pool. Tennis. 2.550.000 Frs.

AZUR INTERNATIONAL AGENCE
Tel: (010 33) 92 98 01 02
Fax: (010 33) 92 98 01 11

CYPRUS property Exhibition of Acropaphos Homes. Newmarket Moat House Sat. 21 Sept., Peterborough Moat House Sun. 22 Sept. Dione Properties Box 381 Paphos. Tel: (6) 241601, Fax: (6) 234717.

DORDOGNE
20 CHATEAU APARTMENTS

Manoir Valeuil on Dronne River near Brantome. Late 18 century manoir. Studios to 3 bedrooms, swimming pool, tennis court, moat, fountain in 12 acres. Completion 1992. Values range £72,000-£97,000

TEL: 081-985 1097
010-33-53-072930

BRITTANY - FRANCE

Profitable, debt-free business incorporating prestigious 18 hole golf course with a typically Scottish design (400 existing members) and 90 room hotel in need of renovation to bring it up to international standards in area of outstanding natural beauty overlooking the sea.

Situated 2½ hours from Paris by TGV and served by national airports with links via Channel Islands to the UK, the business boasts an ideal location for conferences and seasonal tourism.

Contact: Robert AUERBACH, CCF-I Paris. Tel: (33.1) 40 70 22 72 Fax: (33.1) 40 70 78 23/(33.1) 47 20 38 78

FRENCH PROPERTY NEWS. Free monthly old,new and ski prop ,legal column etc.Ask for your free copy now.081-942 0301.

COSTA DEL SOL PROPERTIES. *Marbella* offices. For information and price list ring 081 903 3761 anytime.We have a wide selection of luxury resale villas.

ENGLISH PROPERTY SEARCHERS PROVENCE - *VAR* Are you looking for a very special property? For all kinds of help and aftersale service contact us in France Tel: 010 33 94 04 42 37 Fax: 010 33 94 04 40 78

ALGARVE: Superb villas in beautiful locations. By a quality builder. Contact: Portugoa, Rua Dos Carros, 8400 Lagoa, Algarve, Portugal. Tel: 082 341035. Fax: 082 341285.

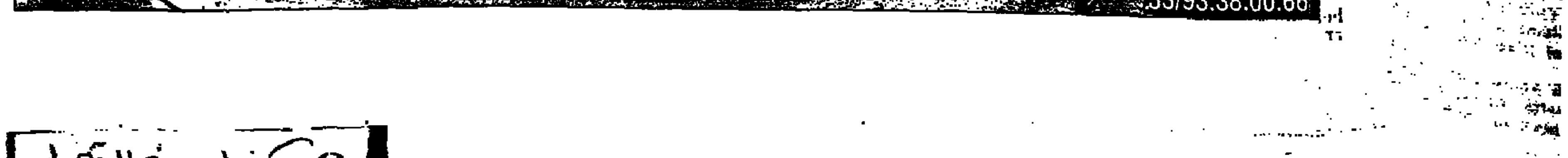
FRANCE, SPAIN, FLORIDA, PORTUGAL. Buying? Selling? Huge selection, call for free magazine. O.P.M. Tel. 081 542 9088.

FRANCE COTE D'AZUR Cannes - Croisette appt rooftop garden. Pool Fr 5.700.000 New villas Nice and La Colle. Cote D'Azur Consultants 071 622 7674.

SPAIN, Marbella. For sale luxurious villa, 5 bed, 4 bath, furnished, sea side, swimming pool. Direct sale £350,000. Call +34-52 784269.

FRENCH RIVIERA

Cannes Palm Beach
On sea front unique panorama
Luxury Residence
of studios to five-room apartments



JOHN TAYLOR
33/93.38.00.66

Coupon to be returned to JOHN TAYLOR 55, La Croisette F 06400 CANNES
You will receive without obligation literature about VILLA BEAURIVAGE.
Name
Address

The English turn turtle

***David Marsh** returns to the UK to find it over-run by reptiles*

I HAD NOT reckoned with the turtles. True, the hideous sewer-dwelling creatures also slipped over to Germany during the five years I was living there – but they are not crawling everywhere, as they are in London. Turtles on rucksacks, turtles on t-shirts, turtles on spectacle cases, turtles on crisp packets; on hats and footballs, on shoes and tracksuits, on pencils and place-mats, badges and bedclothes, their silly, artful faces glowering at you from the hoardings and the shopping malls.

They have become part of the landscape. Probably, the natives do not notice them any more. I have nothing against crusty reptiles. We own two pet tortoises ourselves. (One came over on the car ferry with us – the other got lost on a German vineyard last month, and has just been located, aided by a DM100 (£34) reward, about to leap off a wall in a nearby village, but that is another story.) I resolve however *never* to buy anything with a turtle on it.

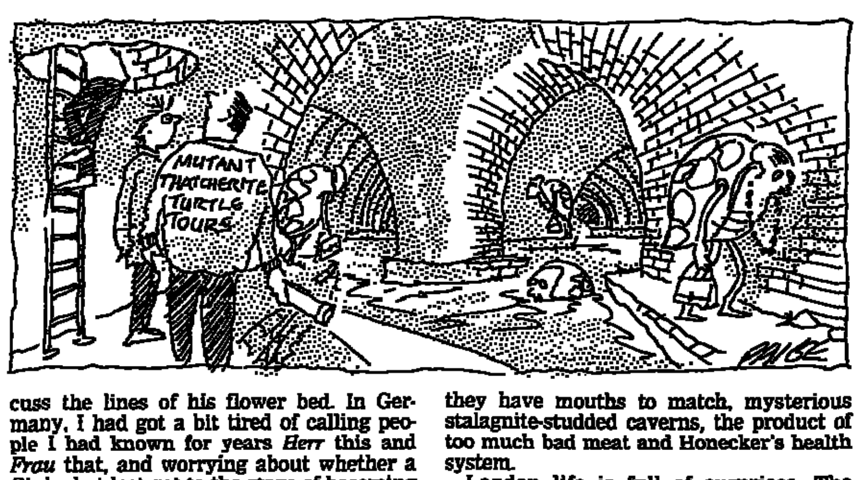
These last couple of weeks in England have been the first time I have lived here for nine years, after spells as a correspondent in Paris and Bonn. It is a good way of taking stock of your home country. Thatcherism has wrought its magic, and the sorceress has vanished into the ether.

According to the Central Statistical Office, real disposable incomes at 1985 prices are 34 per cent higher than when I was last here in 1982. My firm impression is that Britain during this time has been taken over by an all-powerful supermarket-cum-video enterprises-cum-financial services conglomerate, probably run by prematurely retired high-fliers from the Cabinet Office.

It is they, of course, who are behind the turtles. Or are the turtles controlling them? It reminds me of Pleasure Island, the land of play where Pinocchio and his friends were dispatched. Glitter on top, tawdriness underneath and, all the while, the boys are growing into donkeys.

There are certainly some positive aspects about being back in London. I have no complaints about the quality of public services: tennis courts, swimming pools, Wimbledon public library. (The swimming pool changing room cabinets, though, could do with some doors on them. In Germany, that alone would rank as a health hazard). I find the multiplicity of cultures refreshing. At the local Church of England school our nine-year-old daughter attends, the headmistress is a Spanish Roman Catholic with a south London accent, and a high proportion of the children are Moslems. My daughter reports that the boys in her class are much better behaved than the ones she left behind in Bonn, many of whom were diplomats' sons. They also serve appetising school meals, from an outside catering firm, at £4.55 per week.

I relish the *informality* and the tolerance. I like the unregulated shopping hours, and the way you can just walk into the home of a neighbour of a few minutes' acquaintance and call him "Nick" and discuss the lines of his flower bed. In Germany, I had got a bit tired of calling people I had known for years *Herr* this and *Frau* that, and worrying about whether a *Sie* had at last got to the stage of becoming a *Du*. Tolerance can, of course, drift into indifference and slovenliness. In a fortnight in London I have seen more unattractively tattooed women puffing at cigarettes than I did in five years in Germany. Maybe I moved in the wrong circles there. The liberal British approach to life is fittingly portrayed in people's teeth, which often look as if they have doubled as grinding stones. Only in East Germany do they have mouths to match, mysterious stalagnite-studded caverns, the product of too much bad meat and Honecker's health system.



London life is full of surprises. The shops have a free-wheeling atmosphere, like small casinos. After the telecommunications revolution, you can buy a press-button pink-coloured telephone handset almost anywhere. Why though did I notice 15 people patiently queuing up at the local British Telecom emporium to pay their bills with fistfuls of five pound notes? Isn't all this liberalisation ultimately supposed to save the consumer time? Perhaps the Germans are right and the British really do love queuing.

In Britain, goods are sold not so much on the basis of quality – the emphasis on that can be overdone in Germany – but through all kinds of inducements: money off, money back, free offers, three-for-the-price of two, instant credit, gifts, vouchers, coupons, clubs, holidays, competitions and rewards. It is clearly the result of banking deregulation. Behind the most innocent tub of yoghurt, a complex financial package lurks.

Unpredictability spreads to people's behaviour. There is more pleasant eccentricity than in Germany, more loutishness too. Britons lack the pre-set codes of conduct, strung out across the day, every day for the rest of your life like a never-ending computer program, which will make a German murmur *Guten Tag* in the morning and *Auf Wiedersehen* when he leaves a shop and *Bitte sehr* when his interlocutor has uttered some trivial politeness. Lacking these ritual filling phrases, we make up meaningless ones as we go along. "It's all go, isn't it" (when it isn't) and "Never mind" (when you do) and "You'll get used to it" (you have little choice) are my favourites; I find I use them myself.

Re-entry to Britain brings lots of question marks. Do-It-Yourself chains have sprouted everywhere. Why are the houses so run down? Environmentally-friendly foods and goods of every kind stack the shelves. Why do people look so unhealthy, not just pasty-faced, but pasty-bodied to boot? If living standards are 34 per cent higher, why are there so many poor people on the streets, old as well as young, scrounging from waste paper baskets, mournfully eating ragged sandwiches on public benches? There are lots of beggars in Germany too, many of them immigrants who in Britain would never be allowed past Dover. Britain's poverty is all too obviously home-grown.

The spread of charity shops deserves serious study. Where are all the shop-keepers who used to be here a decade ago? Are they all working for building societies? Voluntary work is a good thing, and people should be encouraged not simply to throw away their old clothes. Britain has become a rag trade society. Is this all part of Thatcherite entrepreneurism?

New wealth has certainly trickled into the open-all-hours corner-shop grocery in the nearby street where I used to live. The shop is twice the size that it used to be. The owner recognises me, after nine years (another good thing). He explains, pointing apologetically to the new wares, that his increased trade nearly all reflects alcohol and video films. My own view is that choice dulls consumerism rather than improves it: I cannot cope with the array of continental lagers in Sainsbury and Tesco supermarkets – to say nothing of the selection of water softeners which have proliferated like chemical weapons since I was last here. Like Pinocchio on Pleasure Island, I find it stimulating, but a bit bewildering. I expect I will get used to it, long before my ears start growing.

Getting a grip: Derek Pringle has had a better year with the ball for Essex, the champions, and for England

Cricket/**Teresa McLean**

A good year on the hard seats for the county set

IT HAS almost become an end-of-season ritual to sing the demise of county cricket. Last year it was because the hot, dry weather gave the bat such dominance over the ball that runs scored were prolific and results were rare.

This year, ironically, it is partly because the West Indian tourists were so popular, attracting big crowds everywhere they went and making ordinary county games look like small beer compared to epic struggles such as the one Kent nearly managed to win off the visitors at Canterbury. But even county cricket, natural home of the melancholic who watches games sitting on hard seats, alongside fewer fellow spectators every year, found some help in this summer's Caribbean popularity.

The tour did a lot for cricket, at county as well as Test and one-day level, and there is a lobby among the county secretaries, even those whose counties have had a rough time, which counts this as a good summer. It had its problems; a county season always has its problems, but it has cheered cricket up.

Joe Hardstaff, secretary of Middlesex, admitted that his county's fall from last year's top to this year's bottom end of the Refuge Assurance County Championship represented a sharp decline, but did not see the decline as one of long-term significance. He attributed it largely to ill fortune, which had deprived Middlesex of the valuable services of Mark Ramprakash (Test duty), Desmond Haynes (Test and tour duty), Phil Tufnell (occasional Test duty), Angus Fraser (injury) and Neil Williams (injury) this summer, "a lot for a small county, you know... But we'll be back."

Mike Gatting got back where it hurts the opposition quickly, after an uncertain start. When in form, he is the kind of good-natured bully who can dismantle bowling attacks and bring county games to life in pursuit of a result. He feels, as do many county cricketers, that too many games are squashed into the season, with only the journeys in between to relieve the pressure.

He blames this for leaving the players "jaded" by the September end of the season, less likely to play well. When Durham are added to the numbers next year, the pressure will intensify still further and counties such as Middlesex, likely to lose Tufnell and Ramprakash to Test duty against the Pakistanis, possibly Fraser as well, hip permitting, and possibly even Gatting, international cricket politics permitting, will have to organise their resources better.

Last week they were feeling optimistic, pleased with the swashbuckling way Gatting has been refuting his own argument about poor play in late summer (pre-Chelmsford) and with the "very good" gate receipts they have taken from a popular summer's cricket.

Middlesex have done well to stay cheerful. On the whole, teams which have done well this season have managed to forget its cold, wet, dismal start better than teams, like Lancashire, which have failed to fulfil any of the strong hopes with which they started. As it is, Middlesex have taken to making the most of the damp and singing the praises of the early wet weather because the more it rained the less they had to play and lose.

Essex and Warwickshire can afford a simpler line. They are wallowing in their recent triumphs, Essex in particular celebrating their 621, the highest county score this season, against Leicestershire. Their 566 for 6 declared against Middlesex makes a fine farewell barrage, too, one which Gooch will chuckle to remember, if the winter is cold and the World Cup is going badly, based as it was around his opening 259. Essex deserve to be county champions.

Whereas Middlesex did not have the resources to survive their calls to national service, the Essex batting had enough depth to survive the summer with Gooch and Pringle on Test duty. Neil Foster had the experience to stand in effectively as captain. The side has batted well and Salim Malik, their overseas recruit, has batted superbly well.

Salim is one of a long tradition of shrewd Essex signings, including Norbert Phillip, Keith Boyce and Allan Border, whose talents have been picked up at Essex before anywhere else. I would not be surprised if Trevor Bailey, sage of the eastern seashore, had something to do with its talent spotting network, nor would I be surprised if next year, when Salim will be playing for the Pakistanis, it will ask back Salim's predecessor, Mark Waugh, whose 77.26 average last year helped Essex to their second successive season in close second place.

This year Essex found the ideal balance between the exotic, overseas element and the steady, county element, not just in players such as Gooch and Pringle, but also David East, this year's beneficiary and, to the county's credit, their two spinners, Peter Such and John Childs.

Last year Essex's bowling was erratic on lifeless wickets and their catching was erratic in sluggish hands. A winter's work on these weaknesses has had impressive results. Foster and Pringle have come to grips with the lower seamed ball and made themselves better bowlers in the process, Foster coming up with some splendid performances, such as his first innings finale against Middlesex at Chelmsford: 11 overs, 6 maidens, 18 runs, 4 wickets.

Warwickshire, their nearest rival, could not and would not hope to defeat Essex in this sort of form, despite finding themselves up against Somerset for their last game, 6 of whose batsmen Allan Donald removed easily for 84 runs.

Warwickshire's own overseas signing was extraordinarily, almost uncannily acute this year, retaining Donald after his feeble efforts took only 28 wickets last year.

Warwickshire are understandably pleased with themselves at the moment. They believe they are living proof of how much ordinary county cricketers can achieve. Ordinariness is a virtue at Edgbaston, a reason to be cheerful. But that is only to be expected with a side that has risen from last year's fifth to this year's second place under the leadership of a captain called Andy Moles who is as down-to-earth as his name suggests.

Moles is one of an unremarkable core of Warwickshire batting, which also includes Paul Smith, Neil Smith and the talented but unreliable Dominic Ostler, from the same Solihull cricket nursery that produced Moles. If these batsmen had done as well as their bowling counterparts, Warwickshire's high position in the county table would have reflected their ability more fairly. As it is, it flatters them.

Their bowlers, especially Allan Donald, Dermot Reeve and Tim Munton, have done well on Edgbaston's wickets, seamers' dreams. Warwickshire are second only to Essex in the number of bowling points earned this season, but they are in the lower half of the table for batting points and lack the balance and initiative which have distinguished Essex.

This year's county championship had many close matches and a close finish, albeit with just a touch of the suicidal in Middlesex's dismissal for 51 at Chelmsford. A good season.

Golf/**John Hopkins**

US hungry for return to power in the Ryder Cup

THERE WERE ten of us round the table, and since the table belonged to a house little more than two hefty wood shots from Sunningdale golf club and most of us were golfers of one sort or another, it is pretty clear that the talk was of golf. Like a boat straining at its anchor, the conversation fought to break away. I remember Corey Aquino being discussed, and also the Green Party and one or two other topics. Always, though, the conversation returned to its moorings, to golf and specifically who would win next week's Ryder Cup match in South Carolina.

"We'd better have a sweepstake," said The Man from the BBC reaching for his wallet and appointing me official stakeholder. He lent me a pen and a piece of paper and I went round the table soliciting votes.

The Man from the BBC plumped for a commanding American victory 18½-9½. Four others supported this view. There was a prediction of 18-10 in favour of the Europeans, not to mention some odd predictions. When there are 28 points at stake, how can one side win 15-10? In vino veritas, indeed! In the end the mathematicians among us got to grips with this problem and the votes were equally cast, 5-5, between those who predicted an American victory and those a European victory.

It is the most even Ryder Cup for years. I think the *US* will win by bringing their greater fire power to bear in the singles, as they so often have in the past and as they do in the Walker and Curtis Cups as well.

Although this is undoubtedly the strongest European team in terms of depth, they may find anything less than a two-point lead going into the singles insufficient. In their two victories and one halved match since 1983, Europe entered the last day's singles with a lead, 9-7 in 1985 and 1989, 10½ – 5½ in 1987.

In 1985 Europe widened their lead by winning the singles 7½ – 4½. But in 1987 and 1989 the Americans came back strongly in the singles, winning 7½ – 4½ at Muirfield Village and 7-5 at The Belfry, thus narrowing Europe's victory margin.

One bizarre statistic: Woosnam has lost all his singles since he made his first Ryder Cup appearance in 1983, and Faldo has won only one since then.

The Ocean course at Kiawah Island is so new that the grass was only beginning to grow last April. No tournament has been held there. It has a massive practice ground and calls for a route march of 800 yards from the ninth green to the tenth tee. It was designed by the innovative American Pete Dye to test all aspects of a golfer's game. Dye hates courses that can be overpowered so that competitions on them are won by the best putter.

The Ocean course is a classic links, which means it is built on land that was once under the sea, but any advantage the Europeans might have because of their familiarity with such courses has been neutralised by the Americans making trips to play on it during the spring and summer.

'The Americans are fed up with the crowing by the Europeans'

What will make a difference however, is the Americans' home advantage. Of the 20,000 spectators who have already bought their tickets for each day's play, the vast majority will be supporting the home team. At Muirfield Village four years ago knots of American supporters self consciously sang silly chants to urge on their men: "Larry Nelson, you're the man/If you can't do it, no one can." Then they waved American flags and giggled. It is not thought that this was a very successful tactic.

It is to the advantage of the Americans that they have an inordinate desire to win. They are fed up with the crowing by the Europeans and pay scant regard to the Sony rankings, which place Woosnam, Olazabal, Faldo and Ballesteros ahead of their leading players, Stewart, Azinger and Couples.

It is also to the Americans' advantage that there are five newcomers to the competition in Europe's 12. That is a lot of inexperience for Bernard Gallacher to have to deal with and if, as rumour has it, Gallacher intends to keep the tried and trusted partnerships of Woosnam and Faldo and Ballesteros and Olazabal then several of these newcomers may be kept on the sidelines.

It may all be decided by how well someone like David Gilford plays on what will be the biggest occasion in his life so far. He is a steady player, whose undemonstrative style of play is in keeping with his character, and whose ability was rather in doubt until he won an event at The Belfry last month.

The night of the third round of that tournament a group of journalists began discussing Gilford. The consensus was that he was not good enough to be in Gallacher's team. He was too self-effacing, diffident and he had not won a tournament. He was a time-server. What he had done was to play in a lot of tournaments and compile a succession of solid top-ten finishes. This gave him a handsome income and he invested some of his winnings in buying a farm near Crewe. The ownership of the farm explains his new nickname, Old McDonald.

But so many good finishes and no victories did not suggest that he was a born winner. Personally I did not think he even looked like a champion. He seemed to wear the same scuffed, off-white golf shoes day after day and the turn-ups of his trousers were frayed.

The next day he proved us all wrong. In the full beam of publicity, which on the 15th hole meant being scrutinised by a TV crew, a radio commentary team, one dozen photographers, half a dozen journalists, four policemen, two scorers and sundry marshals – and these were the ones allowed inside the ropes – he won his first tournament.

Gilford showed real courage that day and may do so again this coming week. It is going to be close. I predict there will only be one point in it. What did I put in the sweepstake? A US victory 14½ – 13½.

Impresario of the greens

FOUR MEN sat on the platform. One, Mark McCormack, did most of the talking. It was the announcement of the £1.5m inaugural World Championship of Golf to be staged in Jamaica in December.

It was a perfect example of McCormack's thinking. His company, International Management Group (IMG), dreamed up the tournament and persuaded Johnnie Walker to stump up the money. Many of the 26 competitors will be clients of IMG's. Television will broadcast the tournament and McCormack and perhaps one or two players will make appearances in the commentary box.

Devising and then organising tournaments such as this has made Mark McCormack's company the most dominant in the world of sports management – and McCormack one of sport's best-known names. Love or hate McCormack and IMG you cannot ignore him or his company.

IMG's critics cite its uncanny ability to have its cake and eat it. In golf, for example, IMG clients play in IMG-organised events and receive appearance money for doing so from a company IMG acts as consultant for. The event is televised by a TV company McCormack owns and rights are sold round the world. IMG is building courses in Europe so it will be able to stage these events on its own courses. In business this is known as vertical integration. In sport, it is called a conflict of interest.

"Who's it bad for?" asks McCormack, the founder of the company and its most articulate defender. "It is not bad for my clients. People say how ominous it is that we are able to have this pervasive influence on so many sports in so many parts of the world. They use the World Match Play (golf tournament) as an example. We rent the golf course, take the gate, get the sponsors, do the television, sell the hospitality tents, and I commentate on the television and publish a book.

"But for us there would be no world match play event. Is that good or bad for golf in Britain? A lot of people talk about the things we do but nobody has ever pointed out anything we have ever done that was bad."

Golf is the biggest of IMG's 14 divisions, bringing in nearly 20 per cent of its revenue in 1989. IMG stages a quarter of the tournaments on the European golf tour and represents many of Europe's leading players, notably Ian Woosnam, Nick Faldo, Sandy Lyle and Bernhard Langer. IMG's TV company, TWI, produces telecasts of 12 golf tournaments. This gives IMG considerable clout in golf.

"IMG runs more of our tournaments than anybody else," says Ken Schofield, boss of the PGA European Tour, the body that governs Europe's golf professionals. "That is not necessarily bad. It may be nice for those of us involved in the sports industry to tell promoters they can only promote and broadcasters they can only broadcast. But the countries we live and work in don't allow us to do that. Whether McCormack's power is good or bad for sports is not an issue. He can do what the law says he can do."

Be lawful. Work hard. Do what you say you are going to do. These are rules in McCormack's life. "My mother taught me that money was important. She had a great sense of humour. My father taught me that relationships were important. Most people think I'm more like my mother than my father."

McCormack clasped a briefcase to his chest. He always seems to be clasping a briefcase to his chest. McCormack without a briefcase would be like an angel without wings. He was relaxed, talkative and looking forward to lunching with his son Todd who was in charge of IMG's arrangements for the 90th anniversary of the launching of the Nobel Prize.

In *What They Don't Teach You at Harvard Business School*, one of four books he has written, he says that most of what he does was specifically programmed for a specific result. When this is repeated back to him, he says it makes him sound too calculating, a word that gives a bad impression.

Now 60, McCormack has his regrets: "I don't have the time to spend in making relationships I should have. I don't have much time for small talk. I remember once I stayed in London after Wimbledon and it was the first time in 15 years I had been more than 20 successive days in the same place. I took Herb Wind (the noted golf writer) to lunch for no reason other than to talk to him and it was really enjoyable.

"I thought then there were an awful lot of people I'd love to do that sort of thing with, but I don't have the time or I haven't made the time because I'm in too much of a hurry doing other things. I use a relationship for what I need it for. I don't put as much into it as I should."

John Hopkins

GARDENING

An old English tale of woad

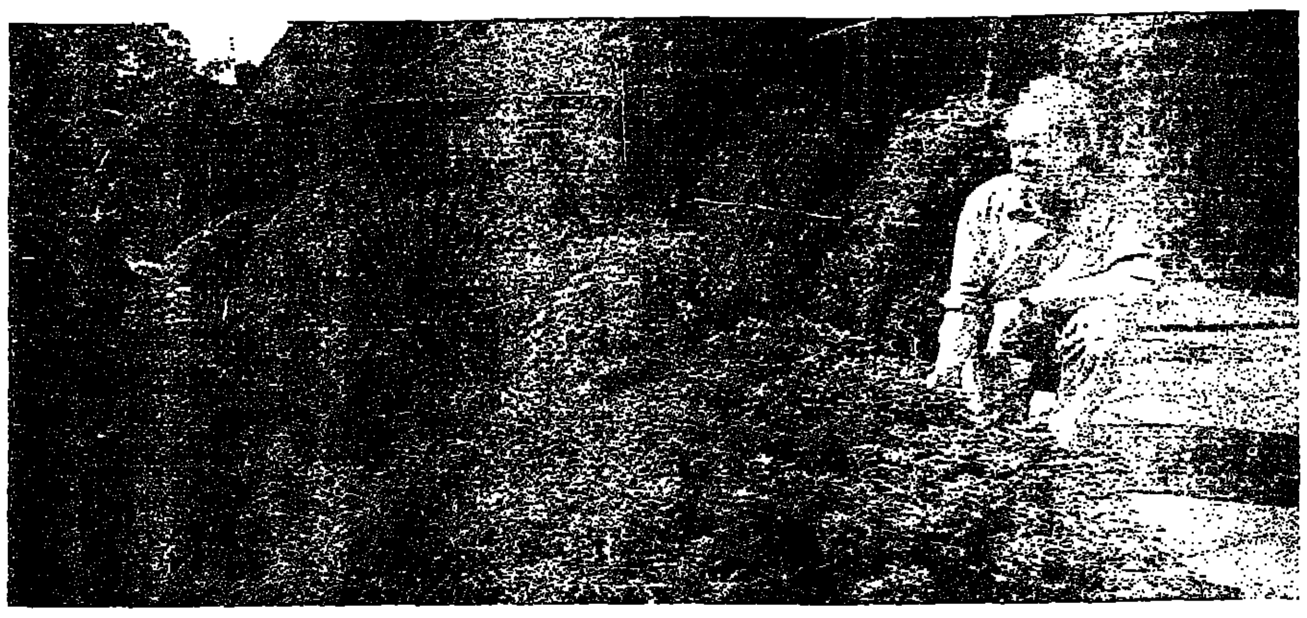
LAVENHAM in Suffolk is one of England's most beautiful old towns and the Guildhall of Corpus Christi is one of its most important buildings. At the front it faces the market-place but at the back it has a small garden, a recent victim of honey fungus which lives on the roots of trees and shrubs.

This fungus is widespread but it is not always fatal. Trees that are otherwise in good condition are often able to ride out a slight infection. It is only in old age or when they have suffered some other injury or infection that the honey fungus gets the upper hand and the roots are completely destroyed by a damp rot that allows the bark to split away, revealing a cobweb-like growth of white fungal filaments. When that happens, it is essential to get the trunk and as many of the roots as possible removed and burned. There are possible treatments for the soil, including the use of cresols, but they are expensive and smelly. In general it is sufficient to break up the soil thoroughly and then replant, preferably with something less likely to fall victim to honey fungus.

That is precisely what they decided to do at Lavenham, except that, as the garden is small and the infection appeared to go right through the soil, it was decided to remove it all, replace with fresh soil, and replant with something completely different. The question was: with what?

The ancient prosperity of Lavenham was built on wool, and this old Guildhall now serves in part as a cloth museum. It was suggested that the garden should reflect this interest with plants used to produce the dyes employed by medieval makers of Lavenham wool and broadcloth.

I have been to look at the result and



Guildhall adminstrator David Head in the National Trust property at Lavenham

found it so charming that I thought many garden-owners would like to see it for themselves. Lavenham is always worth a visit. Some might even make a dye garden of their own as an alternative or addition to the more usual garden of herbs.

At Lavenham, since space is very limited, they have chosen to use only herbaceous plants, crops grown as annuals, and one sub-shrub, Anthemis tinctoria and one small bulb, Crocus sativus, which is the source of the yellow dye, saffron. This is scattered around some of the other plants, notably those that would commonly be regarded as culinary vegetables, namely, beetroot, carrots and onions. Carrots yield dyes giving various shades of yellow and green, and onions produce golden yellow, dark brown, and black dyes.

One of the most unfamiliar plants is Actaea spicata, the bane-berry, with clumps of divided spiraea-like leaves and clusters of white flowers, followed by shining, poisonous blackberries, which produce a grey dye. The flowers of Solidago, golden rod, produce a range of yellow dyes and the whole plant a green dye. A short variety, Cloth of Gold, is used at Lavenham. There is also lily-of-the-valley, Convallaria majalis, the leaves of which give a soft yellow dye, and the pink-flowered common soapwort, Saponaria officinalis.

The biggest plants in the garden are a single specimen of the New Zealand flax, Phormium tenax, and another, side by side with it, of the cardoon, Cynara cardunculus. This is a relative of the globe artichoke and has large, purple, thistle-like flower-heads and large, divided, silvery-grey leaves. The New Zealand flax has long, strap-shaped, shining leaves and tall spikes of curiously-shaped, dull, maroon flowers and is an exotic-looking plant that can get damaged in a hard winter. In a sheltered garden such as this it should be entirely safe. It gives a range of dyes mostly in shades of brown, but extending to apricot.

Rubia tinctoria is the madder, a scrambling evergreen British wild plant, with white flowers, followed by black berries, and it needs to be tied to some support, such as a tripod of canes. The colours of its dyes are from pinkish fawn to chestnut red. Isatis tinctoria is also a native, the woad with which ancient Britons used to paint themselves blue. It is a fairly tall biennial with narrowly arrow-shaped leaves and clusters of small, yellow flowers, followed by little dangling brown pods. It is a member of the great cabbage family.

Finally, there are three plants of Baptisia tinctoria, a member of the pea family with three-parted leaves and spikes of yellow flowers. The root and leaves produce dyes in shades of blue, according to the mordant that is used to stabilise them.

Other plants could be added to the list; the meadow sweet, Filipendula ulmaria with finely divided leaves and plumy clusters of cream flowers and also the marsh marigold, Caltha palustris, with large, buttercup-like flowers, both of which enjoy moist, even boggy, soils. The elder, Sambucus niger, is a familiar large shrub with divided leaves and flat clusters of white flowers. Rue, with blue-green pungent leaves and yellow flowers, is such a beautiful plant that I am surprised it does not seem to have been included.

Arthur Hellyer

Plant of the week

Colchicum Water Lily

This is a beautiful, fully doubled flowered variety of Colchicum speciosum. The lilac pink flowers are large and many-petalled and they are freely produced, but the plant itself does not spread so rapidly as the *ordinary single flowered* pink or white form of C speciosum. It needs similar conditions of either full sun or semi-shade in good, fertile soil but it requires to be kept free of close competition from other plants or weeds. An ideal place for it is in a rock garden on the sunny edge of a shrub border. It is not suitable for naturalising in grass as is the ordinary species. It is grown from large corms which should be covered with about two inches of soil. *AH*

BOOKS

Macho man in blue and pink

This biography of Picasso is in a class by itself says ***Anthony Curtis***

WHEN THIS book ends Picasso is 25. He has just acquired a large canvas on which he is going to paint an entwined group of ugly half-naked prostitutes to be known as *Les Demoiselles d'Avignon* (Paris, 1907).

John Richardson describes this as "... the most innovative painting since Giotto ... the first unequivocally 20th century masterpiece, a principal detonator of the modern movement, the cornerstone of 20th century art". However, he postpones a full discussion of it until his next volume (in all there will be four). He does not wish to leave us with the impression that *Les Demoiselles*, which he sees as an entirely new beginning, was the culmination of all that he has described here.

A LIFE OF PICASSO: VOLUME I 1881-1906
by John Richardson
Cape £25, 548 pages

Richardson takes us in this volume from Picasso's birth in 1881 in Malaga, son of José Ruiz Blasco, an impoverished painter specialising in studies of pigeons, and his uncomplaining wife Maria Picasso Lopez, (as she was), to Picasso's permanent move to Paris in his early twenties. There, after a great deal of hard grind, his work wins recognition from one or two discriminating collectors and grudgingly from dealers.

The changing signature on his work, from P. Ruiz Picasso through P. R. Picasso to simply Picasso, say something about his changing attitudes. In repudiating his patronymic name, to the disgust of his rich uncle who was paying for his studies, Picasso breaks free of his failed father's influence and sides with the less distinguished background of his supportive mother. Richardson also reminds us that *macho* was invented in Andulasia. It was something Picasso was born with and never lost.

The volume leaves the reader in no doubt that, even if Picasso were to have died in 1906, he would still be a major figure of modern art. His early work includes the dark academic-style religious paintings he executed as a precociously accomplished art-student in Barcelona and Madrid. Then comes the famous blue period with its studies of clowns, acrobats and harlequins in Paris. A serious affair, started at the age of 15, with an equestrienne instilled in him his love of circus performers. The rose period which followed was full of pictures of the pink torsos of boys, proudly prancing horses and bareback riders.

There were countless individual portraits of people he knew or of classic types like *La Celestina* – the Procuress – a blue period masterpiece that anticipates later work. Whether in a long-deliberated canvas like this or a caricature, the person's distinctive traits are seized and held in a cruelly accurate manner. Picasso drew most of the people with whom he made contact. It was at Els Quatre Gats, an artists' bar in Barcelona, that he found his first peer-group. At 18 his mercurial presence already began to dominate a circle of followers.

Some of these went with him to Paris, like the dandified and decadent Carles Casegamas. He committed suicide spectacularly by shooting himself in a restaurant while Picasso and others were having dinner. There are several reverberations of this tragic event to be found in Picasso's early work. Then there were portraits of the dealers – the cautious Vollard, the honest but poorly-paying Berthe Weill, and a major portrait of his benefactor Gertrude Stein. In the family circle there were portraits of his parents, his sisters (one of whom died young) and many of himself. We watch him fashioning and re-fashioning his image according to his changing moods, from the cloaked, bearded Byronic *homme fatale* to the grinning *apache* to the naked simpleton.

Richardson's biography has the confident authority of someone who possesses taste and discernment and who has devoted his whole life to this one great project. Many other books on Picasso have appeared, by scholars, art critics, journalists, discarded wives, old pals, fellow-artists, and band-waggoners of no particular qualification for the task.

But despite this avalanche, Richardson has pressed on – not exactly regardless of the other writers, because he acknowledges his debt to some of these, particularly Jaime Sabartès, Picasso's life-long Spanish secretary. Richardson is however in a class by himself, better informed and with a wider, perspective than any previous biographer. With unobtrusive erudition, he always relates the narrative of the life to the iconography of the work.

There is so much richness of content here that admirers of Picasso are strongly recommended not to be content with merely reading reviews but to read the volume itself. It has no plates in colour but everything Richardson cites is illustrated in monochrome on the same or next page. The overall impression is to remind one that Picasso was a Spaniard and that, in spite of all his later roles, he remained intensely Spanish at heart.

Yet despite this nostalgia for Spain, Picasso ends the book as an artist of the school of Paris, a French painter of Spanish origin, and that is what he will remain. His first circle of French friends includes the poet Max Jacob, who comes into his own here, and Guillaume Apollinaire, who provided a literary counterpart to Picasso's innovative audacity in drawing. The scurrilous inventor of Père Ubu, Alfred Jarry, was another kindred spirit.

As for his fellow-French painters, Picasso was highly eclectic in his admirations. Matisse was the only contemporary by whom he felt momentarily threatened. He eschewed such conventional outlets as the Salon and the Salon des Indépendents. Richardson cites the work of Steinlen, the caricaturist, as an early influence, and also the arcadian Puvis de Chavannes. Modern masters Picasso came to revere were Van Gogh and Gauguin.

Many paintings and drawings illustrative of the themes in this book, like the deathbed setpiece *Science and Charity*, are to be found in the Museo Picasso in Barcelona. It also possesses the Sabartès archive, which is not to be opened until the year 2018. The family papers, in the Musée Picasso in Paris, are likewise not yet declassified. Has Picasso some surprises still left to spring on us, and for which we will have to wait until the next century?

Fiction

Possessed by obsessional love

BOTH DAN Jacobson's and J.G. Ballard's new novels might well have been called "Possession", if that title had not now been definitively pre-empted. Jacobson, as ever a meticulously quiet writer, deals with the impossibility of "possessing" another, the devastating ripples of obsessional love. Ballard continues the autobiography-cum-fiction of his extraordinary *Empire of the Sun* with a headlong rush from the end of the war until the present day.

Compared with Ballard, Jacobson seems, on first acquaintance, passionless indeed: but this is to confuse delineation with dissection. Jacobson is, as always, interested in thinking, worriting, ferreting out what a piece of work is man; the multi-layered account of a hopeless love affair and its deadening effects is, as ever, a satisfyingly sophisticated essay.

Adrian Bester is a young Afrikaner lawyer living in London, who falls in love with Diana, the wife of pompous Foxborough, poet and BBC functionary. Their affair starts with no preamble: Diana effectively seduces him – and from that moment his obsession is born, his fate is sealed, and he is beyond reach. The main narrative is unfolded gradually by Bester's subsequent lover who, because during his life she was never able to supplant his obsession with Diana, after his death decides to write the story, using her own narrative, Bester's secret diaries, his poems, an interview he did with Foxborough. The narrator believes, from what Bester has told her, that Foxborough was responsible for Diana's death, abandoning her and Bester on a beach as the tide came in. But Jacobson's subtlety is such that this episode may equally be read as psychological symbolism with powerful literary antecedents. When the waves recede Diana has disappeared: the obsession has been killed – but by whom?

Much, much more ground is covered along the way: the question of fate, of how much control we ever have over ourselves, let alone others, the inaccessibility of "the other" and, by implication, how to preserve such knowledge. It is tough, serious, deeply impressive.

Ballard is, as ever, compulsively readable, but the main function of *The Kindness of Women* for me was to lead me back to *Empire of the Sun* which is a miracle of the imagination. The problems with these two novels are now well-known what is the relationship in them between autobiography and "pure" fiction (bearing in mind that autobiography always carries fictional baggage).

In *Empire of the Sun*, it just doesn't matter: young Jim loses (mysteriously) his parents when the Japanese invade Shanghai and he spends the rest of the war inventing his life in a prison camp. The fact that novelist Jim dispensed with real Jim's parents (who were with him throughout the war) to bring off an extraordinarily "truthful" war novel is justification enough. Unfortunately, although there is much to commend, this new novel has no such unifying imaginative *coup de foudre*.

HIDDEN IN THE HEART
by Dan Jacobson
Bloomsbury £12.99, 199 pages

THE KINDNESS OF WOMEN
by J G Ballard
HarperCollins £14.99, 286 pages

AN ACT OF TERROR
by André Brink
Secker & Warburg £14.99, 834 pages

Ballard begins by setting the scene back in Shanghai, sketching in the events which make up the previous book. But then comes the difficult task of carrying on the story of grown-up Jim: where before there was intricate deadpan understatement (about the British, class, cowardice, death, violence) here everything is inevitably much more knowing.

There are unbearably moving sequences about domestic contentment, the death of "Jim's" wife, the pleasures of suburbia, the quiet life; horrifying insights into the madness of sixties drugs'n violence; dark glimpses into the strange distortions of Ballard's mind. And, of course, quite a lot about women and sex. But he never recaptures the spark which those exciting (by his own admission) times in the prison camp struck in his creative mind.

Poor Andre Brink must be feeling like someone who decided to write a thriller about blowing up a section of the Berlin Wall and just got it finished in November 1989. History has overtaken, by many bounds, the condition in which the events in *An Act of Terror* are set. This does not always matter, but *War and Peace* this is not.

A small active service unit of ANC activists plots to assassinate the State President; things go wrong, innocent people, black and white, are killed. The unit splits up, goes underground, is hunted down. The main protagonist is Thomas Landman, a young dissident Afrikaner whose anguished sense of his own history (and whose written history of his family takes up 200 pages at the end of this exhausting saga) repeats yet again the old Brink formula.

In the course of the chase, Brink presents a huge cast of typical South African "characters", from white liberals to inarticulate blacks. The problem is that South Africa is not like that: this is not portraying, it is patronising. His view of the world is, as ever, tinged with prurience about both sex and violence. Since the main topic of the novel is the question of whether violence is ever justified in the Struggle, there is some excuse for this, but it is his *tone* which, yet again, jars.

It sounds churlish to carp at a writer whose credentials have been wholly brave and decent in a situation fraught with horror and danger, but the fact remains that, for all its length and seriousness, this book only trivialises by tedium. There is more exact horror in Riaan Malan and more imaginative precision in J.M. Coetzee (in a fraction of the verbiage) – both of them carrying equally impeccable Afrikaner credentials.

Mary Hope

Low life goes on

IT IS getting a bit difficult to find anything new to say about Elmore Leonard, other than that his books come out, on schedule, more or less once a year and, basically, there goes the weekend.

The latest, *Maximum Bob*, is about low life in Florida. It features the eponymous and mildly lecherous judge, his bizarre wife who sometimes speaks in the voice of a 19th century slave girl, the heroine, a smart young woman probation officer, her boyfriend, a cop, an ex-con who likes to kill without thinking about it much, a struck-off drug-dealing doctor and his toy boy, an alligator, and other human denizens of the Florida swamps. From beginning to end it crackles along, which is also true to his incomparable form.

MAXIMUM BOB
by Elmore Leonard
Viking £14.99, 295 pages

It can be said, but hardly in criticism, that Elmore Leonard is not a great plot artist. There is rarely mystery about how a book ends, which is usually in bullets. Nor is he a moralist; the white hats emerge victorious, but not triumphal: the black hats die, but without remorse: there is going to be no brave new world afterwards; low life will go on.

Although unsentimental about all his characters, Mr Leonard does like tough smart women, as do many thriller writers. But they are not written as formulae characters. In *Maximum Bob* and *Get Shorty*, the last two, both have more brains and ambition than the men around them. In *Killshot*, the last but two, and a favourite of mine, Carmen is just an ironworker's wife, but, in the end, tougher even than her tough husband.

He also lavishes deceptive care and attention on his villains. Elvin Crowe, the homicidal maniac in *Maximum Bob*, and Armand and Richie, the killers in *Killshot*, are given no redeeming virtue virtues. They are seen as creatures of an environment, but it is precisely this environment – prison, poverty, whatever – which is explained in matter-of-fact detail. And if Elvin Crowe, who kills without thinking, also goes through life without thinking, Armand is as careful and as methodical as any paid assassin needs to be in covering his tracks.

Mr Leonard does not really rate the police. They tend to be as much a part of low life as those they are supposed to detect. They may corrupt, and be corrupted; they are generally not difficult to outsmart, and where they are smart, as in *Maximum Bob*, they might get their come-uppance anyway.

But this is not what marks Elmore Leonard apart. Whether or not he is the Dickens of Detroit or the Maupassant of Miami, he can write. He has a marvellous ear for dialogue and for the rhythms and cadences of low life speech. He is also a master of pace. As a Leonard novel moves to a climax, not a word is wasted. And he can be funny – best when he lets the humour simply arise out of the situation (for example, the alligator catchers in *Maximum Bob*), perhaps less effective (as in *Get Shorty*) when he strains a little for effect.

Above all, Elmore Leonard is all about realism. Because it is a low life, mostly in Florida and Detroit, that we cannot know about, we must take on trust that he has got it right. If he has not, nobody else has.

Jurek Martin

Everyman reborn

THE GOOD news of the autumn is the re-launch of the famous Everyman Library of classics. The Dent imprint gradually faded away after the war, unable to compete with the paperback revolution. It has been bought from Weidenfeld & Nicolson by David Campbell, who will be issuing 50 titles a year, starting this month. Distributed by Random Century in an elegant *hardback* format, the prices are astonishingly low – usually £9.99 – only a fraction more than better quality paperbacks such as the new Pimlico imprint. One wonders how Campbell can do it. The only negative is that the new Everyman is less "pocketable" than the classics of yesteryear.

J.D.F.J.

The man who put George into Eliot

GEORGE HENRY Lewes met Marian Evans on October 6 1851 in a Piccadilly bookshop. She was single and had recently come to London to work on the *Westminster Review*. He was married and was toiling as a biographer and journalist. They lived together from 1854 to 1878. She put money in his pocket; he put the George in George Eliot. Now they lie next to each other in Highgate Cemetery, his love letters in her hand.

Lewes has long beckoned to the biographers, and Rosemary Ashton is first to arrive. Her account is cogent, accurate and thorough. The Lewes yarn spins itself. Ashton presents him, rightly, as the boisterous iconoclast whose mind settled to nothing easily, yet whose instincts drove him onward to success as an actor, dramatist, editor, novelist and reviewer.

He was an intimate of Carlyle, Trollope and Thackeray; of the scientists Spencer and Huxley; and of the psychologists Bain and Robertson. His writings range from a play written in 13 hours to a four-year project on the history of philosophy; from biographies of Goethe and Robespierre to "Sea-Side Studies" – travels with a microscope in Devon. He also wrote influential and important books on physiology and psychology.

G H LEWES
by Rosemary Ashton
Clarendon Press,Oxford £25, 369 pages

But he is still best known as George Eliot's partner. While the Lewes story necessarily becomes the Eliot story after 1851, his early life bursts with consequence and detail. He was born in 1817, the third child of his father's second and illegitimate family. Lewes never refers to his Greenwich school and never went to university; this makes him an anomalous literary Victorian among the likes of Edmund Gosse or Samuel Butler whose youth consisted of familial horrors and schooltime brutalities. At 16, Lewes was a notary, then a putative merchant, and then an aspiring medic.

At 20, he settled to the task of making it in London literary bohemia. His writing, scattered across the monthlies and in particular the *Westminster Review*, is sharp, ambitious and wide-ranging. It mirrored the disparate shape of his family life, which was always a distraction from his work. In 1850, his wife left him for his close friend Thornton Hunt and had four children to add to the five she had with Lewes. All but one of Lewes' natural children died in his lifetime; he was a decent man who managed to balance his parental and filial duties later in life.

Lewes lacked judgment as a journalist. He inveighed against Macaulay ("immune from doubt") and Disraeli (his statesmanship "consists in the perception of incapacity in others"). But he successfully spotted *Jane Eyre* and thought reading Jane Austen was like an "actual experience of life." Everywhere, however, his criteria and principles evolved as if fitted specifically to value the prose which George Eliot was to start writing in 1858 with *Scenes from Clerical Life*. He opened doors for Eliot; he became her negotiator, agent and mentor; when her literary fame outstripped his, he filled a role as social secretary and chaperon.

Lewes benefited from Eliot's success in the 1860s and 1870s. But there is a kind of enthusiasm in his view of her writing which looks like coarseness; as she wept over the completion of *The Mill on the Floss*, he commented, "the more she cries, and the readers cry, the better say I." That year, 1860, Eliot made an astonishing £4,000 and Lewes £600. As they grew richer, Lewes wrote less, rewrote more, and was disinclined to rush into print. Ashton's book feels for the pulses of the Victorian literary life in the mid-century, and finds a hypertense Lewes arming his books with scholarly quotation against academic critics and in doing so losing the populist touch. Lewes was connected, prolific and energetic – to all points a typical Victorian in his work. But he was unconventional and even quirky in his private life. Ashton maintains the tension between the two, and has produced a fine biography which makes its subject compelling simply by cleaving to the facts.

Andrew St George

Tune in to Tippett

BY A very long way the worst thing about Michael Tippett's collection of memoirs is its title, conjuring unfortunate connections with the modish world of his later music rather than the indelible images of his earlier achievements. But even those who lost patience with his work in the 1980s, when the gifts of Tippett the musical inventor seemed to get utterly overwhelmed by the extra-musical messages of Tippett the humanist, will warm to the self-portrait drawn in these pages. Reading *Those Twentieth-Century Blues* one can recover some flavour of the idealism and warmth that seemed so attractive in his creative personality in the first place.

In a strict linear sense it is not an autobiography at all, more a series of snapshots from a life which moves forward more or less chronologically yet sometimes leapfrogs or loops back discursively. Those searching for new insights into the genesis of the works or the craft of composition will be mostly disappointed; Tippett's previous collections of essays, *Moving into Aquarius* and *Music of the Angels*, will remain the best sources of those. What makes *Those Twentieth-Century Blues* so fascinating, and often very moving, is not just its illumination of a richly patterned life, but the sheer candour of the reminiscences.

Any book that opens with the author's memory of his circumcision at the age of five without an anaesthetic is never likely to be dull, but we are also told, whether we needed to know or not, just when and where Tippett lost his virginity (at Fettes College, Edinburgh, aged 15), that he slept just once with Benjamin Britten (at Britten's suggestion), but that they didn't have sex. It may all be just a little too upfront at times, yet such honesty makes a healthy contrast to the suffocating discretion that still surrounds Britten's personal life, a composer whose emotional range was circumscribed by his homosexuality, incidentally, in a way that Tippett's has never been.

There is an element about these confessions, too, of setting the record straight not just for posterity (though an ego certainly has to be fed and soothed) but also, one senses, for Tippett's own sake. Re-examining some of the friendships of his 86 years has quite clearly been a painful process. But in dissecting the uneasy relationship with his suffragette mother, disentangling himself from the succession of upper middle-class women who wanted to bear his children, and in chronicling the relationships that just fell apart, the tone rarely falters. For that much credit must go to Meirion Bowen, whose conversations with Tippett formed the basis of the book.

The helplessness that sometimes overwhelmed his political and private life is well caught too. His flirtation with Communism in the 1930s, which ended when details of the terrors of Stalinism became known, cost him some close friendships, and his politics ever since have been broadly socialist without close party links. And the suicide in 1945 of Francesca Allinson, his closest confidante, is the book's darkest moment: "Perhaps my career especially got in the way & she is part of the price," he wrote afterwards. "... One is exclusively selfish whether over life or death. We can't accept anything or venture anything with grace."

THOSE TWENTIETH-CENTURY BLUES: AN AUTOBIOGRAPHY
by Michael Tippett
Hutchinson £16.99, 290 pages

But the travelogues lift the spirit – shoe-string forays into Europe during the 1920s, grand world tours in the '70s and '80s when his music at last began to find an audience overseas, all of them are graced with Tippett's ageless capacity for wonder. There are extended sequences of letters also, to Francesca Allinson and others in the 1940s (some sent from Woodward Scrubs, while Tippett was serving his three-month sentence as a conscientious objector) and to Meirion Bowen in the 1970s and a large chunk of a dream diary, complete with interpretations, from the 1930s when he was undergoing formal Jungian analysis. The mixture sounds, like so much of the music, an overrich one. It is altogether an admirable book, though, by no means perfectly proportioned and not without its flatnesses, but touchingly honest and endearing.

Andrew Clements

History as cameo

GERICAULT remarked that "real paintings must be done with buckets of colour on walls a hundred feet long". These days "real history" is done with masses of anecdotes in books 1,000 pages long. Paul Johnson's latest tome on world society in the 15 years after the Battle of Waterloo is yet another fruit of the gigantic genre, published in time to fall through the bottom of 10,000 Anglo-American Christmas stockings.

It is an impressive work in more than bulk. In mature and meticulous style, Johnson draws the arts, science, literature and politics together in a compelling narrative of the post-1815 era. The book is a succession of brilliantly drawn cameos, infusing life into everything from the Congress of Vienna to Davey's safety lamp and the Regency penchant for body-snatching. Academics will have plenty to quibble with, but the number of slips is remarkably few.

THE BIRTH OF THE MODERN: WORLD SOCIETY 1815-1830
by Paul Johnson
Weidenfeld & Nicolson £25, 1095 pages

Prose and insights are equally sharp, and there are some real gems. Discussing the Scottish Enlightenment and the development of Edinburgh, Johnson remarks that the city "came to be a striking visual expression of the epistemology of the Humanist intellectuals who dominated its thinking, that theory of knowledge taking shape in granite and sandstone, rocks, grass and vistas". On the wider canvas he deftly links the expansion of Europe, the leitmotif of the age, to the decline in its death rate, advances in transport technology which made mass migration feasible, and religious and geopolitical exigencies which rendered colonialism not merely an option but a self-imposed obligation. Johnson cannot resist sideswipes at present foes – clerics, dockers and universities in particular – but the interval of 160 years has instilled a fair sense of proportion in judgment throughout.

Whether the enterprise as a whole is well-proportioned is another matter. Lengthy analysis of Wordsworth's relations with the Earl of Lonsdale, whether or not the youthful Victor Hugo slept with 2,000 women, and the fate of the horses after the Battle of Waterloo might be thought otiose. Sometimes the contents of entire boxfiles spew forth. Three paragraphs on early 19th century Britain's navy include 90 dates and figures, everything from the number of guns on each ship to the acreage of trees needed to build each three-decker.

For a history of "world society", the geographical balance is equally skewed. Eight of the 12 chapters are more or less concerned with Britain and the US, and the perversity of putting the growth of a special relationship between the two before all else must have more to do with sales than sense. Russia, India and the East receive scant attention. Even the European coverage is patchy, with Germany coming off especially badly. Almost every minor British poet, politician and artist gets a look in, while Goethe, Schiller and the von Humboldts are virtually absent.

More problematic, however, is Johnson's methodology. In the first place, he rarely penetrates below elites. Great social changes are present, but discussed and illustrated almost entirely through the gossip, lives and writings of the wealthy and literate. Jane Austen might be an accurate mirror of English society, but making the likes of Byron, Brougham, Canning and Hazlitt a kind of roving jury on the manners and morals of the age is open to serious objections.

Worse still, Johnson fails to come to terms with the concept of "modernity" which lies at the centre of the work. Instead, he takes us on a Cook's tour of the post-Bonaparte age, and every time he lights on something recognisable to contemporary eyes pronounces it a foundation of the modern world – whether it be parking, trousers, the Congress system, the 1818 Westmorland election, Napoleon's totalitarian aspirations or Byron's uncontrollable passions – the latter held to be "the first modern scandal" on not much better grounds than the poet's quip that "what I get by my brains I will spend on my bollocks".

By similar token, virtually any 15 years since - well, name a date, could be designated the "birth of the modern", and justify another 1,000 absorbing pages from Mr Johnson.

Andrew Adonis

HOW TO SPEND IT

A move to a stronger, simpler way of life

Interior design is turning away from the frilly, chintzy country mode to a sturdy, ethnic look. ***Lucia van der Post*** *describes the new style*

FOR YEARS the mood in interior and house design seems hardly to change. There are shifts of tone and emphasis but by and large the prevailing tastes stay much the same. Then something seems to happen. Some subterranean force seems to be at work causing fabric designers, furniture makers, paint makers and all the ancillary trades and manufacturers involved in the construction of the modish interior to shift in the same direction.

The 1980s saw a long period when the English country house look remained the dream. In cottages and suburban villas in metropolitan flats and city terraces, there were swags and faded chintzes, bowls of pot-pourri and dried flowers. As the 1980s drew to a close the modish interior became more and more opulent, pattern piled on pattern, artefact on artefact.

For some time there have been signs of a growing consensus that enough was enough: if we saw another swag or frill or chintz we just might scream.

What, though, was the alternative? Well, as I've said before, among the cognoscente there has been a feeling that a stronger, simpler look was on the way in. Sturdy pieces of country furniture, cottons instead of silks and satins, simple wrought-iron curtain rails instead of swags and frills, wooden floors covered with rugs or hessian instead of plush carpets.

Running side by side is a feeling for the ethnic – all strong shapes and interesting textures. Habitat is running a big campaign emphasising its autumn ethnic mood. In shops up and down the UK there are earthy colours and geometrically patterned ceramics and fabrics.

Global Village is currently expanding and riding high on the new mood and just a few weeks ago opened its first shop in London, a glossy emporium at 247-249 Fulham Road, London SW3.

Started in the mid-70s by Victor Lamont, a Methodist minister who believed that trade not aid was the way to self-sufficiency for underdeveloped countries, it specialises in an interesting combination of the ethnic and the sophisticated. Lamont seems to have the knack of persuading the crafts people all over the world to keep the interesting character but dispense with the folksy clumsiness. He has mastered the art of making the ethnic work with modern urban environments.

Furniture and artefacts come from 40 different countries. Some are bought just as they are found but many are the result of a close collaboration between the company and the craftsmen.

Those who tend to shudder at the very word ethnic should make a point of visiting a Global Village shop. There they will find rattan in versions sophisticated enough to work in a London drawing-room. There are metal and cane chairs that make elegant dining-chairs. Then there are twirly hand-forged metal pieces, sturdy teak, some colonial-style mahogany and rattan chairs and what looks like a range of gentle English newly "distressed" country pieces. The newest line is some furniture from New Mexico, hand-painted by Navajo Indians.

It is already discovered by many of the world's top designers – Ralph Lauren has used it in his catalogue, Andrée Putman chose some for the Bordeaux Museum of Art.

Besides the furniture there is a whole host of authentic accessories, many of which are one-off individual pieces – things like Indian jewellery, Indonesian puppets, monumental wood carvings and papier mâché animals. Prices, which once upon a time struck one as being so reasonable, alas, seem to have risen but then, to be fair, so has the sophistication of the products.

Besides the new London shop there is still the very first shop in South Petherton, Somerset and branches in Bath, Bristol, Dublin, Exeter, Ravensthorpe in Northumberland and Sherborne in Dorset. There is also a glossy mail order catalogue from which the furniture can be ordered and which costs £3, refundable with the first order. Write to Global Village Crafts Limited, Sparrow Works, Bower Hinton, Martock, Somerset TA12 6 LG.

If ethnic is not your style then perhaps New England is. New England has many of the attractive qualities of Shaker-style and is inspired, quite clearly, by the same dislike of ostentation, the same love of simplicity and quality.

Rhode Design is a small company based in London's East End which has started to produce a collection inspired by the simple lines of early 19th century American craft furniture. Made from MDF (medium density fibreboard) and softwoods, it is tough and stable and it is turned into furniture of simple practicality.

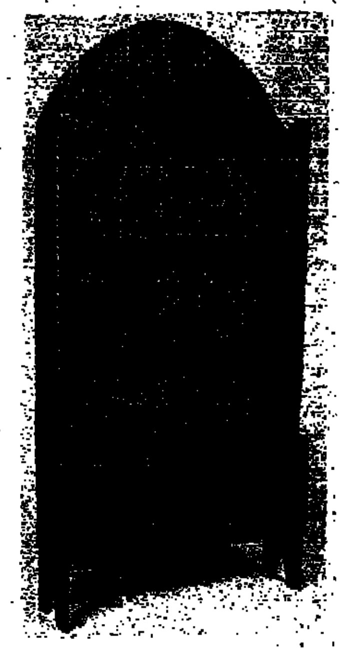
Every piece is useful, every piece has plain but pleasing lines. There are dressers, tops and bookcases, chests and small wall cupboards, sideboards and hanging shelves. All can be ordered either plain (you could then paint them yourself, using the company's New England paint kits) or painted in a range of Old Village Paints developed by The Stulb Company of America.

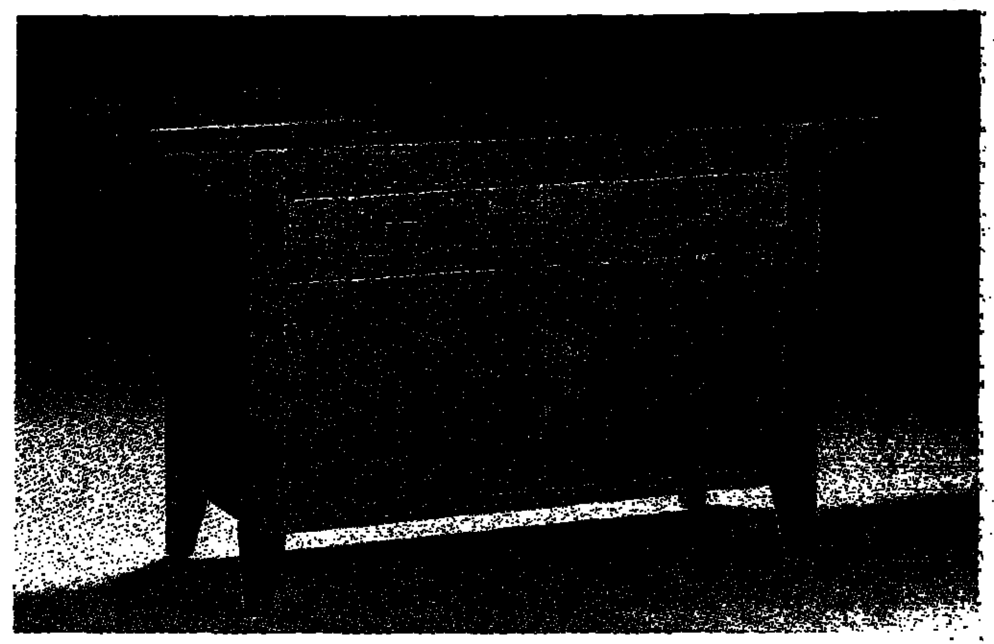
The paints are based on 17th and 18th century colours and finished and are made from natural earth pigments, linseed oils and water-based mediums.

Prices seem exceedingly reasonable, starting at £27 for a small set of (unpainted) hanging shelves and go on to £345 for an (unpainted) wall wardrobe, while a painted dresser top would be £166.75.

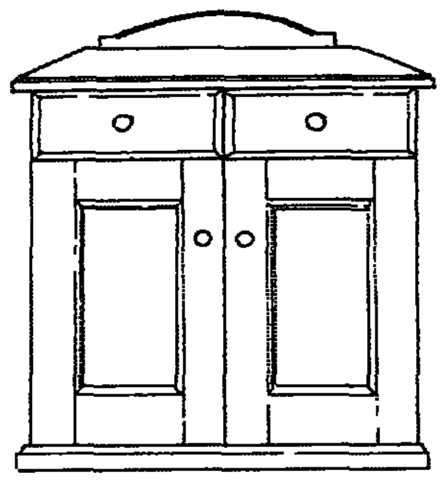
Besides the existing range of standard pieces the company will design and build furniture – a complete fitted kitchen or library or a free-standing piece. There is also a choice of paint finishes – colour rubbing, antiquing, stippling, crackle glazing and dragging.

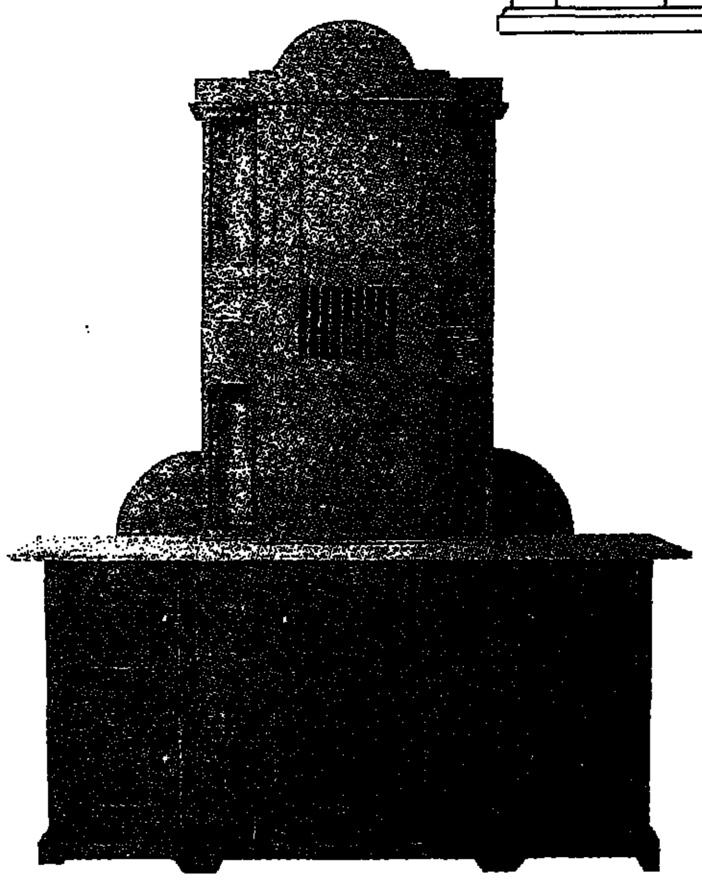
The shop is at 42 Lordship Road, Stoke Newington, London N16 OQT. There is a mail order leaflet from which pieces can be ordered – the company delivers to most of Britain.

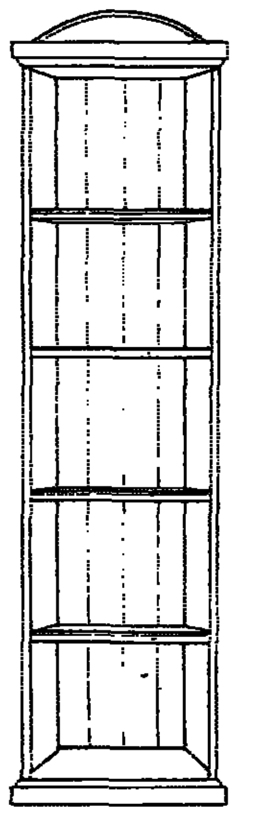




A sunny, solid look from the craftsfolk of Global Village: left, dining in style with forged iron and antiqued rattan Petal chairs, without arm rests £490 each, the matching table is £145. The armchairs are £700. Below is an old-fashioned bookcase in pine for £570. At bottom is a Mandarin-style chest with in inlaid stone top and iron-work and gilt finish. It is 4ft 3in (1.32m) long and costs £2,790. Global Village is at 17 St James St, South Petherton, Somerset tel: 0460-41166







The simple Shaker style of the New England collection: right, a two-door, two-drawer cupboard made, as are all these items, in softwood and medium density fibre board (MDF to those in the know). It costs £78.25 unpainted and £115 painted; below left, a solid, old-fashioned, unfussy kitchen sideboard/larder with a solid wood work surface in pine or beech: it costs £2,000 painted; and below right an elegant 5ft 3in (1.62m) tall bookcase which costs £126.50 unpainted and £178.25 painted. All of these are available from Rhode Design, 86 Stoke Newington Church Street, Stoke Newington, London N16 0AP, tel: 071-275-8261, fax: 071-275-8262

Give in to the drama of Noh

Seven centuries of Japanese tradition: Makio Umewaka at the Queen Elizabeth Hall

Alastair Muir

IN MUCH of Japanese art we can sense how aesthetic contemplation has shaped both form and expressive means. The flow and weight of the brush-stroke in painting or calligraphy; the rigorous line of a pot; even the abstraction of landscape and figures in a print, all tell of a concern with an essential identity through concentration of experience.

Just so in Noh theatre, where the masks worn by the principal actors are the outward signs of a spiritual truth. With Noh, we have to acknowledge seven centuries of tradition that have refined and stylised the nature of the players and their texts. There results drama at once intensely pure and dense with the weight of its own wisdom.

Watching the illustrious Umewaka troupe on Thursday night, at the opening of their brief season at the Queen Elizabeth Hall, I found myself wondering not at the infinite strangeness of the style – with its whooping and gargling vocalists, its absolutely other time scale, its arcane rituals – but at the communicative power of each incident, each moment. Where nothing seems to happen, everything happens, as stillness reveals the heart of the drama. Where dimensions of activity are circumscribed by centuries of performance, and verbal meaning can be lost even to Japanese listeners, there is yet established a world of most potent and often ferocious behaviour, whose force strikes unerringly home. You have, I believe, to surrender to Noh; once that decision is taken, then you remain its grateful prisoner for life.

The Umewaka troupe's first programme contains the by now usual two Noh dramas separated by a *Kyogen* farce. Both plays deal with the supernatural – as do many such texts – and the world of demons and ghosts gains in terror through the conventions of the style. In *The Burden of Love*, an old gardener, the *Shite* (principal) role, falls in love with a court lady. She rejects him, testing him by asking him to lift a heavy burden. He dies, and his reproachful ghost taxes the lady with her cruelty before forgiving her.

On the bare wood of the Noh stage, with its painted pine tree, the story unfolds as masks, gorgeous costumes, the guiding rhythms of drum and vocalising, lead us into the central fact of the *Shite* performance. In this Yasutoshi Urata is tremendous: dignified as the despairing gardener, and then accusing as the ghost, his mask an abstraction of anger and grief, white maned, white robed. It is theatre where every least action, each slow positioning of the body or the robes, acquires penetrating meaning.

In *The Lady Aoi*, the evil spirit of a Prince's discarded mistress attacks a court lady (who is represented simply by a robe folded on the stage). Exorcised by a priest, the spirit assumes its true form as a demon, and is finally vanquished. This *Shite* role is a bravura one, and Makio Umewaka endows it with extraordinary menace as well as extraordinary beauty of style. The appearance of the demon – in horned and horrid mask, a white robe over trailing red trousers – seems the most vivid incarnation of evil, and the grandeur and force of Mr Umewaka's presence speak of great acting. In both his and Mr Urata's performances, the final moments of pure, austere movement – the summation of the spirit of the piece as the *Shite* stamps and turns – are very fine indeed.

The Kyogen farce is a wild incident between an itinerant doctor and the thunder god who demands medical attention, and it is played with earthy humour and impeccable timing by Senzaburo Shigeyama and Shingo Shigeyama.

The Umewaka troupe is presenting two programmes, and the company tours for the next two weeks. It should not be missed by anyone interested in theatre at its purest and most beautiful.

Clement Crisp

Theatre

Indefinable menace

DANIEL Mornin's new play, *At Our Table* at the Cottesloe, is full of initial promise. Although it seems a good five minutes before anyone speaks, the build-up is full of indefinable menace. The characters are articulate, in the sense that they speak decent English. You expect that something sinister is going to happen, and wonder what. You also wonder where.

Since Mornin is a young northern Irish playwright, Ulster and the troubles are never far out of mind. The setting, however, hints more of Africa. Here is a remote house "in the middle of nowhere": it looks hot, there is talk of mountains in the background and you suspect that the natives might be getting restless, except that there aren't any natives.

So far, so good. The head of the department, spoken of as a very powerful man, is coming to visit: thus the intimation of colonial Africa still holds. It is perfectly reasonable theatrical licence to suggest that there might be some parallels between the British in Africa and direct rule in Northern Ireland. The IRA and Sinn Fein believe that there are.

There is also the possibility that the unfolding drama might be personal, not political. Walter, the head of the department, escaped from somewhere with Richard, the father in the house, years ago. Admirably played by Stephen Boxer, Walter has a way with women as well as the bottle. The odds are that, while pausing to look at the young daughter *en route*, he will fall for Richard's wife, Anna, who even her husband recognises is bored stiff out in the wilds.

The intermittent music becomes more insistent, the drinks flow, the mutual attraction between Walter and Anna seems to grow. Although the pauses are derivative, the promise remains. Something dramatic is about to take place, and we are still guessing. This is just over half-way through a play that lasts less than two hours.

Then suddenly it all goes horribly, stupidly wrong. These are not images of Africa imposed on the Irish question at all. Instead off we go into the holocaust, racial purity, storm-troopers, the Jewish scientist who has contributed to the missile programme without questioning what it is for. Symbolism and subtlety give way to a cruder vision, and with it the human drama disappears as well.

This is the silliest anti-climax after an enticing beginning that I have seen for a very long time. It is a great pity because Mornin is plainly a playwright of some talent. Watch the uneasy relationships early on, the way one character might laugh while the other remains silent, only for the roles to be quickly reversed. Note the beautiful performance by Cathryn Harrison as the wife, nervous about her husband and the arrival of his old friend. See how even the heavy-drinking Walter puts on his jacket and does up his tie for dinner, while Nicholas Woodeson, the husband, is in his best double-breasted suit.

All that is excellent and precisely directed by Jenny Killick. Yet it is Mornin who blows his own play in the end. Like the IRA, he does not know how to stop, but he should not be deterred from trying again.

Malcolm Rutherford

Siren sounds to Sondheim

IF THE traffic should come to a temporary halt tonight in the Euston Road outside the Shaw Theatre it will probably not be the police siren or the fire appliances but the sound of Kim Criswell in her one-woman song-fest, *Doin' What Comes Naturally*. This lady has the loudest wail in the business. Decibel for decibel even Liza Minnelli would be in difficulties trying to top her when she is at full stretch. In her hands a portable mike seems a redundant bauble.

With solo accompaniment on the piano from her musical director Kevin Farrell, she devoted her first half to golden oldie standards by Cole Porter, Richard Rodgers and Irving Berlin from shows like *Anything Goes*, *Annie Get Your Gun* and *South Pacific*. Criswell has just released an album with EMI of *Annie* which I do not have but I do possess the earlier one of *Anthying Goes* (CDC 7 498482). As Reno Sweeney there she sounds so much better than she did last night. Perhaps it is something to do with having John McGlinn conducting and the LSO to contend with. It dulls the stridency in her renderings all too apparent live at the Shaw.

One plus is her articulation.

Alastair Muir

Kim Criswell: in the footsteps of Merman

However big the sound you can always hear the words very clearly. In Cole Porter this only serves to show how weak and dated many of them are now; unlike the rhythms which are as magical as ever. Still, "Always True to You in My Fashion" from *Kiss Me Kate* induced its customary frisson. "Blow Gabriel, Blow" a number simply made for Criswell (as her recording of it proves), and where the words hardly matter, was listed as the first-half closer but in the event not given. A pity.

The cosy asides to the audience in between the songs revealed a likeable "tough cookie" show-biz personality and there was briefly evidence of dancing skills including tap (like everyone else Criswell has played in *Cats*). Also a gift for vocal comedy which surely could be developed in future editions of this show. The second half where, after a costume change, she is backed by a quartet including bass guitar (Martin Elliott), synthesiser (Peter Lee) and drums (Harold Fisher) was devoted mainly to music in a more contemporary mode with a spirited go at Sondheim's "Move On" from *George*. This set was the more successful with greater variety of attack. Perhaps it is with Sondheim material the future lies. Following as she is so devotedly in Ethel Merman's Broadway footsteps, Criswell seems about ready now to play Rose in *Gypsy*, giving the role the full resonance it requires, preferably in an auditorium like the Olivier where the walls are made of reinforced concrete.

Anthony Curtis

Nicely over the top

TRUE melodramatic acting is as hard to perfect as it is easy to mock: the secret, as this splendid Players' Theatre revival of *Miss Chester* so well demonstrates, lies in commitment to a gestural extravagance that can all too easily over-balance into self-parody. As important as the heavings, faintings and flutterings is the ability to stretch an attitude into an ornate stillness.

Witness the stately semaphore of Prim Cotton's distraught Miss Chester, as – with arms working like windmill sails – she disburdens herself of her Terrible Secret to the son she never thought would call her mother. Study the sweet yearning on the face of Dorcas Morgan's orphan Isabel, as she submits to her guardian's refusal to release her to the man she loves. Watch the ardent agonies of Simon de Deney's Rupert, as he is cast from Castle Montresor and the love of these two good women, with no-one but the perfidious Fortescue for company. Rejoice in the torment of Ian Ratcliffe's fruity Fortescue as he (briefly) faces the consequences of his rash deeds.

This formulaic little melodrama, written by Florence Marryatt and Sir Charles L. Young and premiered at the Holborn Theatre in 1872, receives a first revival from the Players that does it prouder than it strictly deserves. In keeping with its genre, it wears its skeleton on the outside in great chunks of recap and revelation uttered by characters conspicuously flung together by the exigencies of plot.

Production standards are immaculate – the elaborate costumes of Julie Osborne matched by the frilly piano-playing of Nick Stewart; the direction of Reginald Woolley, a sort of choreography which throws the actors into ever more elevated emotional postures.

The Players' new theatre beneath Charing Cross station still resounds with the rumble of passing trains and the ritual banter between chairman and audience. Enjoy melodrama as it ought to be performed, in the knowledge that Queen Victoria, God bless her, would be very much amused.

Claire Armitstead

New British music

THE NASH Ensemble's London series has decamped to the Purcell Room while the Wigmore Hall is renovated; the first phase of its 20th-century music series, sponsored by IBM, packs a quartet of concerts into ten days. There is a healthy ration of premieres, and nearly new British music; on Thursday the Nash introduced Robin Holloway's *Summer Music: Concertino No 5*, a sextet for flute, clarinet and strings.

The piece is not, says Holloway, a reflection of the pleasanter aspects of summer; it emphasises more the "mosquitoes and thistles, prickly heat and headachy closeness." Yet it seems altogether a fairly cheerful piece; a busy single movement, with the hint of a slower, reflective section two-thirds way through (nearest point to a pastoral idyll), and sharply characterised solos for the two woodwind.

The piece is dedicated to Alexander and Amira Goehr, who are, the composer claims, "to some extent portrayed by the two soloists". That added a further level of intrigue to what is a rewarding, carefully knitted argument: which was the serene, lyrical oboe and which the unpredictable, astringent clarinet? I know where I would put my money.

Andrew Clements

On Thursday the latest London Symphony Orchestra season at the Barbican was launched by its chief conductor, Michael Tilson Thomas, in characteristically lively fashion – with two new works, and then the *Eroica* Symphony. The first, not strictly a premiere, was the concert suite that Tilson Thomas has himself drawn from the 1983 Leonard Bernstein opera *A Quiet Place*.

The opera, a vibrantly original piece of 1980s suburban lyric-drama which I long to see staged in this country, is not ideally represented in the suite, which seems to favour Bernstein's edgy, brass-and-percussive soundworld at the expense of his wrily lyrical abundance. Still, the work's peculiar strength and contemporary-flavoured intensity was energetically delivered.

I can summon a less whole-hearted welcome for the "real" piece of new music: John Tavener's *Dance Lament of the Repentant Thief*, a Shell-LSO commission. For the orchestra's first clarinetist, Andrew Marriner, a superlative virtuoso, Tavener has produced a rondo on Greek folk-dance themes, with fast and slow sections artfully alternated, clarinet arabesques looping, drones long-held and bells jingling above the string orchestra.

It's a piece of very pale charm, and limited powers of invention somewhat over-stretched; but the real puzzlement is the religious inspiration lying behind it. As ever in a recent Tavener composition, the music is supposedly replete with Christian mystical associations; but my ears found it impossible to link them to this mild sample of musical travelogue. I just don't get it.

Max Loppert

ARTS

Records

Decadence and more

POPULARLY the word "decadent" connotes something like shameless opulence – perhaps tacky – and lubricious perversity. The epithet "fin de siècle" goes along with it, and so does the period-word "neurasthenic" (*think of the hypochondriac son in Buddenbrooks*). "Camp" is different, for it implies a knowing irony that would subvert wholehearted decadence: that's why Wilde's *Salomé*, for example, is artful camp, whereas Richard Strauss made a "decadent" opera of it by ignoring the ironic undertones of the text. A new "Opera Rara" recording from Marco Polo (8.223328-330, three CDs with full text) revives what may be the most decadent opera ever composed, Franz Schreker's *Die Gezeichneten*.

In fact Schreker had hesitated over completing his first opera, *Der ferne Klang*, until Strauss's *Salome* (1905) proved that a scandalous success could still be a *success*. Reassured, he brought out *Der ferne Klang* with much *éclat*: the premiere of *Die Gezeichneten*, which he began before the Great War, made a great impression in 1918, and he followed it up swiftly with *Der Schatzgräber* (1920). The latter, I think, represents an irreversible decline into operatic routine, despite his ever-seductive orchestration – but with the current CD rediscovery of Schreker you can decide for yourself: there is a *Schatzgräber* on Capriccio, and a *Ferne Klang* on Marco Polo.

Like his contemporaries Zemlinsky, Pfitzner and Franz Schmidt, he composed much-admired operas on distinctly decadent libretti, which failed to travel beyond Austro-German audiences. Though young Korngold was luckier for a few years after the War, he soon dropped into his natural place in Hollywood film-music; only old Strauss went triumphantly international.

Strauss often capitalised on scandal (his *Feuersnot*, *Salome*, *Elektra* and *Rosenkavalier* all gained hugely from their improper, even "indecent" features), but generally his shock-values declined with time into mere play-money. What was disturbing in Schreker was deadly serious, and is still quite unsettling. The effect is enhanced by the insidious shot-silk allure of the Schreker sound – lovingly imitated by Berg, especially in his "decadent" *Lulu*, and gorgeously captured in this *Gezeichneten* by Edo de Waart and the Dutch Radio Philharmonic.

The three main Schreker operas, all to his own texts, share the same ground-plan: there is a high-minded Artist figure (close cousin to the composer), and an Idealised Woman who descends relentlessly into prostitution or worse by her own fated choice, and a bitter ending. Even where the trappings are mythical-stagey, as in his first and third operas, Schreker aims at 20th-century psychological naturalism – disillusioned, post-Freudian, close to the bone.

The trappings of *Die Gezeichneten* belong to *fin de siècle* pornography. Its "hero" Alviano, a Genovese noble and a hunchbacked aesthete, has built an island Elysium (imagine décor by Odilon Redon, dresses by Klimt) where young aristocrats hold their orgies – without poor Alviano, unmanned by self-loathing – and abduct girls of any station for their purposes, sometimes fatal. Alviano falls in love with another masochist, the fey painter Carlotta, when she discerns his beautiful spirit, but she soon finds that the macho rapist Tamare is what she really wants. When the police and horrified townsfolk close in, it all ends amid gore and madness.

It is hard to imagine how this crazy piece could be staged now without ruinous laughs. Yet Schreker's score maintains an extraordinary, obsessive intensity, seething and cajoling and exulting. Fewer "tunes" than Strauss, but potent thematic material; and if William Cochran's Alviano, good in declamation, has a nasty beat in higher and longer notes (Schreker surely expected a less baritonal timbre), Sigmund Cowan's Tamare and the authority-figures of Charles van Tassel and Wout Oosterkamp are excellent. Still better is the Carlotta of Marilyn Schmiege, a fine dramatic mezzo with a brave upper extension and acute intelligence. She is new to me, but undoubtedly we shall hear much more of her.

Hans Werner Henze's *The Bassarids*, to an Auden-Kallman text after Euripides' *Bacchae*, has long awaited a recording in the original English. The Berlin performance on Schwann/Koch (314 006 K3, two CDs) is five years old, but it does the opera proud – granted the omission of the mock-Restoration Intermezzo, which was always controversial. That's the "lubricious perversity" bit, representing the secret erotic fantasies of the young, austerely chaste King Pentheus, later slain by his mother Agave when he is driven to spy upon the Bacchantes' rites in female disguise.

At least the Koch album-text might have *printed* that scene, but it doesn't. Worse, the printers have missed out the page which includes Pentheus's final monologue of raw self-revelation. Andreas Schmidt delivers it well in the recording, however, in his piquant German-American-British accents. Most of his colleagues, all excellent, are unambiguously American *or* British: Kenneth Riegel's seductive Dionysus, Karan Armstrong's penetrating Agave and Celia Lindsley as her sister Autonoe among the former, Robert Tear's Tiresias and Michael Burt's Cadmus among the latter. Gerd Albrecht conducts the Berlin Radio Symphony with tense sympathy, and the RIAS and Süddeutscher Rundfunk choruses are alert and nearly always in tune.

The up-to-date "decadence" of this opera lies in its double focus. On the one hand, the ghastly events of the original play are presented soberly, as if from a dispassionate distance (even the Bacchantes' feral assault has a cool, ethereal glitter). On the other, where Dionysus and the repressed Pentheus are most concerned, the nudging modern sub-text is about homoerotic discovery; for that, the grave tenderness in Henze's music outweighs the overt violence elsewhere. In this respect, the opera has an unlikely twin in Szymanowski's *King Roger*. Did Henze ever think of that?

Postscript: the abstractly "decadent" Szymanowski of the virtuoso piano is captured with sensitive expertise by Dennis Lee on Hyperion CDA 66409, from the op. 4 Etudes to the op. 34 *Masques*. On Schwann/Koch 311 064 H1, Szymanowski's "ballet-grotesque" *Mandragora* sounds archly sub-*Pulcinella*, but Robert Satanowski and his Polish National Opera forces carry off the later, non-decadent *Harnasie* ballet with an exhilarating swing.

David Murray

Fun and games with Japanese angst

Patricia Morison applauds a brave and highly unconventional show at the V&A

JAPAN WITHOUT the financial scandals and sex-comics. Japan without plastic food, paddy-fields or kimonos. No raked gravel gardens and no geriatric settlements on the coast of West Africa.

Most of us have mental cupboards full of facts, clichés and fancies about Japan. Lock up that cupboard before visiting *Visions of Japan*, which runs at the Victoria and Albert Museum until January 5. This highly unconventional show offers a chic, desiger-cut key to understanding Japan.

With next to nothing for the visitor to read, this is an exhibition for illiterates. There is an obvious irony in presenting modern Japan, world-leader in information technology, in a manner which is so uninformative. In the first room a hearse, Japan-style with its gilded temple-like chassis, crashes into a traditional screen of wood and paper. A cue for a commentary on death-rituals and ancestor-worship, you might think? Not a bit of it. If you marry a Japanese, a jar holding your in-laws' ashes will very likely end up in the parlour. But for all that stuff, go to the section on religion in the plethora of "understanding Japan" books. At the V&A, signs and symbols rule.

This is an amazingly courageous show and I would love to know what its Japanese business sponsors, who contributed £4m, think about it. It was brave of the organisers not to embark on a route-march through Japanese history and culture. It was brave to root the show in contemporary popular culture. High-tec consumer products are, after all, the aspect of Japan most boringly familiar and accessible to us all – and the one which most threatens our ideas of the traditional excellences of Japan.

Above all, it was brave to make a show so lacking in complacency. As pure spectacle, this show with its fibre-optics, its liquid crystal projectors, its pervasive electronic hum, is a tribute to industrialised Japan. But the rare explicit texts say something different. What, after all, have the Japanese gained in the journey from Buddhist cosmos to urban chaos? This show is an excursion into Japanese angst.

Visions of Japan is something very novel. It is not curated by museum types but proceeds from the brains of architects – above all, it appears, from the super-sophisticated mind of Arata Isozaki. Japan's leading architect is an *RIBA Gold Medallist* (not that he has built anything here), the architect for the Barcelona Olympics, and a superman of the jet-set avant-garde. Isozaki dreamed up this outrageously, gloriously, undidactic show. Then, like the guru of some new sect, he retreated, leaving his gnomic pronouncements to three younger followers to visualise.

The result is pure spectacle and sensation, at least if you take the easy route. And yet the carnival-float rides on a clanking undercarriage of fashionable post-modern discourse. It is well worth reading the essays, above all the one by Isozaki, even though the book of the show costs £25(designed by Kijuro Yahagi, one of Japan's top graphic designers.)

Without the sacred text, the exhibition comes across as fun but pretty well unintelligible.

Isozaki looked for the key to understanding Japanese society, something which, as he observes with a touch of cynicism, would be simple enough to make a newspaper headline. Like other commentators, he noted that in Japan there is an absence of guiding principles or values in Japan. There is a void at the heart. So what makes it all tick?

Japanese culture is about playing games. "All that matters is the rules. The ultimate pleasure is to respect, follow, and become absorbed in these games." Play and games have a frivolous, childlike sense to our ears, unless we think back to the Edwardian public-school gentleman's idea of "playing the game". Is the core theme of the show really a valid way to understand Japan? I floated Isozaki's game-theory across Timothy Screech, lecturer in Japanese Art at the London's School of Oriental and African Studies.

Yes, he confirms, Isozaki has a good and novel point. *Asobi*, the Japanese for "play", means neither a childish activity, nor sport, but something more serious. It is a kind of solemn letting off steam which even encompasses writing novels and poems. In the 18th-century, artists who turned to making down-market *Ukiyoe* woodblock prints were, in a sense, playing. Some will regret that Isozaki's ingenious blueprint was not followed in full. As he points out, with game-playing goes an obsession with "manneristic repetition". The 48 rules of sumo wrestling will be coming to London as part of the Japan Festival – but not the 48 ways to enjoy sex.

"Pay up [£5 for adults] and play the game" is, then, the motto of the show. The triple vision unrolls through three rooms called Cosmos, Chaos and Dreams, corresponding to past, present and future – or in Isozaki's sharper-toned text, the realms of cliché, kitsch and simulation. Present and future turn out to be pretty much the same, an urban nightmare of people enslaved to simulated, electronic experience. Are people doomed to become androids? asks Toyo Ito, designer of the final, vertigo-inducing room where constantly shifting images of commuter hordes float over walls and floor.

Tokyo, it is suggested, is an android hell, which is rather comic considering that the V&A's influential show in 1980, *Japan Style*, set out to dispel clichés, in particular "a widespread visual stereotype . . . namely that Japan is an undifferentiated megalopolitan hell . . ." *Visions of Japan* belongs dead-centre within the post-modern debate about the future of cities, and it hints at a thumbs down. The monster Godzilla broods over a model of a city which is blackened and half-destroyed, its base-board a jigsaw of electronic circuit-boxes.

Alastair Muir

Lock up your mental cupboard of clichés before visiting Isozaki's thought provoking exhibition

Most obviously, the theme of playing games dominates Chaos, the most talked-up section of the show designed by Osamu Ishiyama. However, it would be wise to take the hype with a dash of soy-sauce. Here are computer games, a karaoke booth, food-and-drink vending machines (which do not work, to avoid licensing and litter problems), and massage chairs which pummel your vertebrae – assuming you can get anywhere near for the queues.

This is somewhere to take small children for a guaranteed non-boring museological experience. Their teenage siblings may well have seen it all before. This kind of mindless electronic madness is perfectly familiar to anyone who hangs around Leicester Square in trainers. However, the Chaos room really does evoke a walk through a Japanese street. The cacophony is in fact rather muted, and so too the smells. However, the massed display of gawdy signs and banners is very effective at pricking the memory. The Japanese use three indigenous scripts, plus Roman in advertising, and walking into any department store is like a bombardment of graphics. Cleverly, too, Ishiyama shows how old and new amicably co-exist. Here are the Shinto gods of good fortune, prehistoric survivals now made out of plastic, who can be found outside any restaurant.

Brave, complex, and exceedingly cerebral, this is an exhibition which will linger in the mind. It leaves out so much precisely because it has refused to go for the fiction that a culture can be neatly packaged, like a Japanese luncheon-box. It is not ostensibly about beauty, or *haiku*, or the chrysanthemum and the sword. But it is also about all of these things. Isozaki's game is to take the visitor into the great game which is Japan. •

Radio

Manners, men and beasts

FOR ME, the new-look Radio 4 began unhappily. Sir John Gielgud's reading of *Genesis* on Monday acquired an unnecessary introduction about the Old Testament, and, worse, incidental music. The reading was of course superb, even though there was a mistaken word in Chapter 4, verse 7.

The old-look Radio 4 went out well with the first of 10 parts of *David Copperfield*. We have not yet met the adult David, save as commentator, but we are leaping through the tale in Betty Davies's adaptation (director, Marilyn Imrie), from a cross Betsy Trotwood, a pathetic Mrs Copperfield, a sinister Murdstone, a threatening Creakle, happiness with the Peggottys at Yarmouth, friendships with Traddles and Steerforth at school. Too soon yet to venture on a criticism, but there are nine weeks to go. I shall love it.

As a sort of footnote, Radio 4 gave a half-hour play on Tuesday, *Emma Micawber*. Dilys Faye told us about her devotion to Wilkins Micawber, whose faults, authentic Dickens, she always overlooked, leaving us half sympathetic, half scornful. But Raymund FitzSimons's writing contained nothing new, and Micawber is not in the Saturday serial yet.

Last Saturday, two hours of *Global Zoo* on Radio 4 assessed the relative prospects of man and wildlife, the second hour being a phone-in discussion that I didn't hear, having already been given enough to think about. Colin Tudge and George Monbiot reported from Africa, India and Brazil on the degree to which man's activities have conflicted with those of the native creatures. Some examples leave me regretful but no more; it cannot matter much to the world if the Sumatran tiger dies out.

But many species live useful lives, and if they are eliminated other species may become a menace. The programme was not sentimental. One of its points was to show how man's selfish activities may destroy other cultures. In Tanzania great areas of tribal land have been taken over to grow wheat; much wildlife is gone, a lake is silting up. At another level, when the Masai were evicted from their traditional country, there was overgrazing elsewhere, to the damage of the vegetation; in the Rift Valley too much cultivation has destroyed much of the natural growth. The behaviour of the Brazilian ranchers to the natives and the forest is already notorious.

As an Oxfam speaker said, man has a natural tendency to breed, but education may stop too much reproduction. Ideally each family should live on its own land. Yet the programme was less about man than about the other creatures. The situation is arising in which species may only survive in protected parks, making the world a "global zoo". We visited a lab where genetic embryos were preserved in liquid nitrogen lest they should be lost in nature – a ghastly warning.

Radio 4 replied, partly, on Wednesday with its *What Price Elephants?* Zimbabwe's banning of elephant hunting (and poaching) means that the beasts often destroy farmers' crops. Operation Campfire has devised a scheme where game scouts keep the elephants off, and are allowed one elephant each. This pleases the tribesmen, whose crops are protected and who profit from the elephants' ivory and meat. Visiting hunters are taken on as game scouts. The area now maintains a normal wildlife, the tribesmen are better off, there is sport for the hunters.

A Public Attitude Survey poll has brought manners into general talk, and Nigel Rees on Radio 4 is presenting six *Best Behaviour* programmes on such questions as what is correct, and who cares? Interviews with the experienced, or expert, or both, established that the old cared more than the young. There was no unanimity about opening doors for women, about smoking at meals, even about putting young men and women guests into adjoining rooms. With five programmes to come, we may settle such things. Myself, I need to learn the etiquette of eating a scone served with foil-wrapped butter and jam in a plastic box.

B.A. Young

Antiques

Open house on the Faubourg

HOUSED NEAR the Elysée Palace along a few hundred yards' stretch of the Faubourg Saint Honoré, the six 18th century French antique dealers known as "Les Antiquaires à Paris" are the acknowledged heavyweights of the French art and antiques' market.

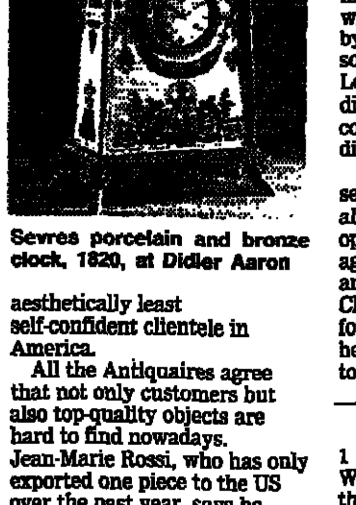
Next week, starting on Wednesday evening, Didier Aaron, Michel Meyer, Jacques Perrin, Jean-Marie Rossi of Aveline, Maurice Segoura and Bernard Steinitz begin a four-day open-house event. It involves special displays and champagne buffets in each gallery and staying open unusually late hours to attract old customers and socialites – not to mention any otherwise shy, well-heeled passer-by who cares for a look.

"If I phone a collector to say I have a piece which might interest him, I am putting myself in a position of weakness. This is an excuse for them to pop in and see us," Maurice Segoura, chairman of the Antiquaires a Paris for the past two years, said.

Formed over 20 years ago and subject to several changes in membership since, Antiquaires à Paris works like a guild. They group together for big purchases, share advertising, observe a non-aggression pact when bidding at auction and organise collective exhibitions. Clients of theirs include fashion designers Hubert de Givenchy, Yves St Laurent and Karl Lagerfeld, actress Joan Collins, and legendary locomotives of the US social scene, such as Mrs Charles Wrightsman, Mr and Mrs Keck of Los Angeles, and, until very recently, Mrs John Gutfreund, wife of the disgraced Salomon Brothers' boss.

The Antiquaires' colossal and richly decorated stand at the 1986 Paris Biennale generated so much jealousy that they snubbed both the 1988 and last year's event. The group now seems certain to join in the 1992 Biennale and is travelling to Berlin for the Orangerie '91, which opens on October 12.

Attracting more European trade is all-important. American custom, once predominant, has been declining for several years because of the weakness of the dollar. The Aids epidemic has thinned the ranks of leading US decorators, who were once a vital link between dealers and the wealthiest but aesthetically least self-confident clientele in America.



Sevres porcelain and bronze clock, 1820, at Didier Aaron

All the Antiquaires agree that not only customers but also top-quality objects are hard to find nowadays. Jean-Marie Rossi, who has only exported one piece to the US over the past year, says he deplores the spread of dealers who are selling "theatrical decors - *La Traviata* all over the place." He will be showing items, such as a Migeon cabinet and a jewel cabinet made by Diehl for the Universal Exhibition of 1867.

Down the Faubourg the main display at Didier Aaron will consist of two still-lifes by the Desportes, father and son, over a four-metre-long Louis XVI mahogany dining-table, set with a contemporary silver dinner-service.

The most quietly self-confident Antiquaires of all is Bernard Steinitz. He opened new premises a year ago opposite the Hotel Bristol and next door to designer Christian Lacroix in a four-storey *hotel particulier* he has had redecorated from top to bottom with 18th century wood panelling and Versailles parquet flooring.

Steinitz's star pieces include a terracotta fountain, which once belonged to Louis XV's mistress, Mme de Pompadour, a Levasseur commode with a magnificent japanned front and an exceptionally fine pair of cupboards by Cressent. Steinitz, too, is catering more and more for a European clientele. But he sniffs at the idea of economic crisis.

"There may be problems for furniture of average quality. But for very rare objects, you always have clients. And next week I am showing the finest stock I have ever assembled," he said.

Nicholas Powell

Chess No 889:
1 c8B! b3 2 Bg4 b2 3 Bd1 (if White had promoted to queen, this would be stalemate) Kxb1 4 Bb3 mate. Not 1 c8Q? b3 2 Qh3 b2 3 Rfc1 bxc1N!

TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Ovide. 7.40 Opposites Attract. 7.50 The Jetsons. 8.15 Chucklevision. 8.35 Dungeons and Dragons. 9.00 Going Live!

12.12 Weather.
12.15 Grandstand introduced by Bob Wilson. Including 12.20 Football Review. 12.40 Volleyball from Aston Villa Leisure Centre. 1.00 News. 1.05 Volleyball. 1.25 Racing from Newbury: The Highclere Nursery Handicap. 1.35 Volleyball. 2.00 Racing: The Coral Autumn Cup (H'cap). 2.10 Motor Racing from Donington Park: The British Touring Car and British Formula Three Championships. 2.35 Racing: The Courage Stakes (H'cap). 2.45 Motor Racing. 3.10 Racing: The Rokeby Farms Mill Reef Stakes. 3.20 Golf: The Epson Grand Prix from Chepstow. 3.50 Football: Half-Time Scores. 3.55 Racing from The Curragh: The Jefferson Smurfit Memorial Irish St Leger. 4.00 Golf. 4.35 Final Score. Times may vary.
5.00 News.
5.10 Regional News and Sport.
5.15 One to Win. Game show hosted by Andrew O'Connor.
5.45 Only Fools and Horses. Del (David Jason) goes into the antiques business, much to the alarm of Rodney and Grandad.
6.15 Bruce Forsyth's Generation Game. Teams of relatives compete to see who gets the chance to win a host of goodies on the conveyor belt.
7.15 Challenge Anneka. This time Anneka has to organise a village street party.
8.05 Birds of a Feather. Sharon and Tracey think their future is under threat when they have Darryl's parents over for a meal.
8.35 The House of Eliott. Starring Stella Gonet and Louise Lombard.
9.30 News and Sport; Weather.
9.50 Saturday Night Clive. New series. Clive James casts a wry eye over the world's small screens. His first guest of the series is American comic actor, writer, producer and director, Mel Brooks.
10.35 Film: Hostile Witness. A Middle Eastern terrorist is kidnapped by US soldiers and taken to America to face trial for murder. A powerful drama, receiving its premiere, starring Sam Waterston and Ron Leibman (1988).
12.45 Weather.
12.50 Close.

BBC2

6.50 Open University.

2.45 Mahabharat. (English subtitles).
3.25 Film: Trio. Adaptations of three short stories by Somerset Maugham entitled The Verger, Mr Knowall and Sanatorium. Starring Jean Simmons, Michael Rennie, Nigel Patrick, James Hayler, Kathleen Harrison and Anne Crawford (1950).
4.55 Tennis. Great Britain take on Austria at the Northern Lawn Tennis Club in Manchester. Introduced by Barry Davies.
6.05 Japanese Language and People. Meeting two families – one from the Tokyo suburbs and one from a secluded valley on the southern island of Kyushu.
6.35 Late Again. Media, arts and culture highlights from the week's Late Shows.
7.20 News and Sport; Weather.
7.35 Faraday's Dream. A dramatised portrait of scientist Michael Faraday. Born 200 years ago, Faraday's discoveries challenged the scientific maxims of the day and formed the basis for much contemporary scientific theory. Starring Michael Kitchen and Ann Penfold.
8.05 Songs of Experience: Michael Tippett at 85. British composer Sir Michael Tippett talks about the ideas and experiences which inspire his work. The programme follows Sir Michael during rehearsals for the US production of New Year.
9.10 New Year. A new opera by Sir Michael Tippett. Recording by the Glyndebourne Festival Chorus, chorus master David Angus, and the London Philharmonic, conducted by Andrew Davis. A young woman faces a profound personal crisis in the inner city, until extra-terrestrial help intervenes. Simultaneous broadcast with Radio 3.
11.00 Film: Rikyu. In 16th century Japan the adviser to a warlord is forced to choose between loyalty and honour. Starring Rentaro Mikuni. (1989).(English subtitles).
12.55 Close.

LWT

6.00 TV-am. 9.25 Motormouth. 11.30 The ITV Chart Show. 12.30 pm Superman.

1.00 ITN News; Weather.
1.05 LWT News; Weather.
1.10 Saint and Greavsie. Ian and Jimmy reflect on the week's European footballing action.
1.55 Transworld Venture: Around the World in 40 Days. The Army attempt to set a new record for driving around the world.
3.00 Film: Vintage Murder. A woman travelling on a midnight train claims someone has tried to kill her husband. Starring George Baker and Glynis McNicoll (TVM 1978).
4.45 Results Service. A round-up of the day's football scores.
5.00 ITN News; Weather.
5.05 LWT News; Weather.
5.10 10 Sharp!
5.25 Baywatch. Trevor Cole faces the prospect of losing his girlfriend, after having saved her life. Starring David Hasselhoff.
6.15 Blind Date. Cilla Black plays Cupid to more mix 'n' match couples .
7.15 Film: The Spy Who Loved Me. Roger Moore stars as 007, who this time tries to prevent a megalomaniac from instigating a nuclear war and achieving world domination. (1977).
9.30 ITN News; Weather.
9.45 LWT Weather.
9.50 World Championship Boxing. Jim Rosenthal introduces the long-awaited return clash between Chris Eubank and Michael Watson. The action comes live from Whitehart Lane with commentary by Jim Watt and Reg Gutteridge.
11.00 Film: Who's That Girl? Comedy starring Madonna and Griffin Dunne (1987).
12.45 Tour of Duty.
1.45 Get Stuffed; ITN News Headlines.
1.50 WCW Pro Wrestling; ITN News Headlines.
2.50 Coach.
3.15 Get Stuffed; ITN News Headlines.
3.20 Baseball 1991.
4.20 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 9.30 Class by Class. 10.00 Check Out 91. 10.30 Wagon Train. 11.30 Australian Rules Football. 12.30 pm American Football - Red 42.

1.00 Film: Thunder in the Sun. In 1847 an Indian scout guides a group of Basques on a dangerous trek across America to start a new life in California with their vines. Starring Susan Hayward and Jeff Chandler (1959).
2.30 Racing from Ayr and The Curragh including the 2.35 Top Flight Leisure Nursery Handicap. 3.10 Shadwell Estates Firth of Clyde Stakes. 3.40 Philip Cornes International Freight Services Handicap. 3.55 Jefferson Smurfit Memorial Irish St Leger. 4.10 Ladbrokes Ayrshire Handicap. 4.40 People-Sporting Life Championship Three-Year-Old Handicap.
5.10 Brookside.
6.30 The Big 8. Sheffield Steelers face Oldham Owls in the final of the wheelchair basketball tournament. Last in series.
7.00 The World This Week. Sheena McDonald and Nik Gowing present this mix of up-to-the-minute news and views; News Headlines.
8.00 The Marathon Monks of Mount Hiei. Tanno-Ajari, a 36-year-old Japanese monk is in the process of attempting to become a saint. To do this he must complete a regime of 1,000 marathons over a seven-year period.
9.00 James Galway: A 50th Birthday Celebration. The renowned flautist is seen in his home town of Belfast, on the concert stage, in rehearsal and coaching a group of children.
10.00 Rear Window. Playwright Les Smith has written 24 plays, 21 of which have been produced. Yet he remains virtually unknown to all but regular theatre-goers.
11.00 As It Happens. Pete McCarthy rides in one of the 11 Rolls Royces belonging to Hong Kong's Peninsula Hotel.
12.30 Manhattan Cable.
1.15 The Oprah Winfrey Show.
2.05 American Football - Red 42.
2.35 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-
ANGLIA:
12.30 Pony Club Mounted Games. 1.05 Anglia News. 1.55 The A-Team. 2.50 Hannibal. (1960) 5.05 Anglia News and Sport 5.20 Cartoon Time.
BORDER:
12.30 The Munsters Today. 1.05 Border News. 1.55 Perspective. 2.25 The Spectacular World of Guinness Records. 2.50 It's All Happening. (1964) 5.10 Border News
CENTRAL:
12.30 Champions. 1.05 Central News 1.55 UK Ten Pin Bowling Championship. 2.50 Please Sir! (1971) 5.05 Central News 5.15 Central Sports Special - Goals Extra.
CHANNEL:
12.30 Blockbusters. 1.05 Diary Dates. 1.55 Pony Club Mounted Games. 2.25 The Life and Times of Grizzly Adams. 3.20 McCloud. 5.05 Channel News. 5.10 Bertie the Bat. 5.15 Puffin's Pla(i)ce.
GRAMPIAN:
12.30 Beatha'n Fhasaich. 1.05 Grampian Headlines 1.55 Fionnan Feoir. 2.25 Adventure. 2.55 The Pied Piper. 4.45 Scotsport Results. 5.05 Grampian Headlines 5.10 Criomagan. 5.15 Put it in Writing.
GRANADA:
12.55 Cartoon. 1.05 Granada News 1.55 The Life and Times of Grizzly Adams. 2.50 The Vengeance of She. (1968) 5.05 Granada News 5.10 Granada Goals Extra.
HTV:
12.30 Press Your Luck. 1.05 HTV News. 1.55 The Life and Times of Grizzly Adams. 3.45 German Touring Car Championships. 5.05 HTV West News and Sport.
HTV Wales as HTV except:
12.30 The Munsters Today. 5.05 HTV Wales News and Sport. 5.20 Cartoontime.
SCOTTISH:
12.30 My Secret Identity. 1.05 Scotland Today. 1.55 Taxi. 2.25 The Secret of the Incas. 4.20 The Munsters Today. 4.45 Scotsport Results. 5.05 Scotland Today. 5.15 Cartoon Time. 11.00 Porky's.
TSW:
12.30 The South West Week. 1.05 TSW News 1.55 When the Bough Breaks. 3.50 The A-Team. 5.05 TSW News and Sport. 5.15 Gus Honeybun's Cartoon Time.
TVS:
12.30 Blockbusters. 1.05 TVS News. 1.55 Pony Club Mounted Games. 2.25 The Life and Times of Grizzly Adams. 3.20 McCloud. 5.05 TVS News and Sport 5.15 Cartoon.
TYNE TEES:
12.30 Peppino. 1.05 Regional News. 5.05 Northern Life Sports Special. 5.15 Cartoon Time.
ULSTER:
12.30 The Intruders. 1.05 Ulster Newstime 1.55 Superstars of Wrestling. 2.55 That Riviera Touch. 5.05 Ulster News and Sport 5.15 Cartoon Time. 9.45 Ulster Newstime
YORKSHIRE:
12.30 Heidi Comes Home. 1.05 Calendar News. 1.55 The A-Team. 2.50 South Riding. 4.30 Cartoon Time. 5.05 Calendar News. 5.15 Cartoon.
S4C Wales as Channel 4 except:-
9.30 Jeifin. 10.00 Time Tunnel. 11.00 I Love Lucy. 1.00 Sixthirtysomething. 1.30 Randy Rides Alone. 6.30 The Wonder Years. 7.00 Newyddion Nos Sadwrn. 7.25 Bacha Hi O Ma. 8.10 TV Telfi. 8.40 Golff: Grand Prix Epson o St Pierre, Casgwent. 9.05 Pascali's Island. 11.00 James Galway: 50th Birthday Celebration.

SUNDAY

BBC1

8.45 Open University. 8.50 Playdays. 9.10 News. 9.15 Morning Worship. 10.00 See Hear! 10.30 Film: Li'l Abner.

12.20 Cartoon. The Chinese Nightingale.
12.30 Country File.
12.55 Weather for Farmers.
1.00 News; Speaking Volumes. PD James and guests, including Clive Anderson, Mary Leland, Charles Palliser and Quentin Blake, review another selection of current reading material. Last in series.
1.45 Tom and Jerry Double Bill.
2.00 EastEnders.
3.00 Dallas.
3.45 Film: The Black Stallion Returns. Sheik Abu Ben Ishak, determined to win a horse race, kidnaps a Black Stallion from his stables in the USA and spirits him away to Africa. Starring Kelly Reno and Vincent Spano (1983).
5.25 Safari UK – Goes Live! With Jill Dando and Julian Pettifer. Last in series.
6.25 News.
6.40 Songs of Praise. Alan Titchmarsh presents another selection of worship and song, this week from Jersey's Mont Orgueil Castle.
7.15 Keeping Up Appearances. An invitation from the Major to join him and his wife at a country hotel for a golfing weekend is just the opportunity Mrs Bucket has been waiting for.
7.45 Bread.
8.15 Trainer. Millionaire James Brant threatens to pull his finance from Arkenfield unless Mike agrees to train exclusively for him.
9.05 News and Weather.
9.20 Screen One: Dancin' Through the Dark. Willy Russell's story of a hen night and a stag night which collide, with hilarious and perhaps disastrous consequences for the bride and groom. Starring Claire Hackett and Conrad Nelson.
10.55 Everyman. On January 12th 1991 the Rev Al Sharpton, New York's controversial black civil rights leader, was stabbed and wounded during a march in the suburb of Bensonhurst. Everyman chronicles the events leading up to that fateful march.
11.45 Japanese Language and People. Shown yesterday on BBC2.
12.15 The Sky at Night.
12.35 Mahabharat. (English subtitles).
1.15 Weather.
1.20 Close.

BBC2

6.35 Open University. 12.00 Managing in the Community. 12.25 pm Managing the Managers. 12.50 Holiday Outings: A cookery course in County Cork. 1.00 Statistics.

1.25 Sunday Grandstand introduced by Bob Wilson. Including 1.30 Tennis: Great Britain v Austria in the Davis Cup. Singles action from the Northern Lane Tennis Club in Manchester. 1.45 Motor Racing: The Portuguese Grand Prix from Estoril. With four races remaining Nigel Mansell will be looking to repeat his 1990 victory. 3.45 Tennis. 4.30 Golf: The Epson Grand Prix from the St Pierre Golf and Country Club, Chepstow. Times are subject to change.
6.00 This is Your Life. Eamonn Andrews celebrates the life of Barbara Mullen who played Janet in Dr. Finlay's Casebook.
6.25 Maigret. Rupert Davies stars as Georges Simenon's famous sleuth in an episode from the last ever series.
7.15 Amazon: The Flooded Forest. After six months of flooding, thousands of creatures return to the waterlogged woodlands to carry out essential tasks before the rain returns. Second of two films. Narrated by Anthony Hopkins.
8.05 Timewatch – LBJ. Why President Lyndon Baines Johnson ordered the bombing of North Vietnam. Political experts and those who knew him explain why the President took such a course of action.
9.05 Portuguese Grand Prix. Highlights from today's race in Estoril.
9.50 Film: Peggy Sue Got Married. A 43-year-old woman attends her 25th high school reunion and finds herself magically travelling back in time. Sixties nostalgia starring Kathleen Turner and Nicholas Cage with Barry Miller, Joan Allen and Kevin J. O'Connor (1986).
11.30 Cricket. The Britannic Assurance Challenge (highlights). The Australian Sheffield Shield Champions, Victoria, play Essex, the 1991 Britannic Assurance County Champions, in this one-day challenge match. The Australian side is captained by Simon O'Donnell and includes Test players Merv Hughes and Dean Jones. Introduced by Tony Lewis with commentary by Jack Bannister and Geoffrey Boycott.
12.25 Close.

LWT

6.00 TV-am. 9.25 Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 The Human Factor. 12.25 pm Way of the Lakes. 12.55 LWT News; Weather.

1.00 ITN News; Weather.
1.10 Film: Goliath Awaits. Adventure starring Mark Harmon and Christopher Lee (1981).
4.00 Dinosaur! One hundred years ago a fossilised feather was discovered in a German lime quarry together with the remains of a dinosaur. Experts were baffled. Was it an ancient bird - or was it a dinosaur with wings? Last in series.
5.00 The Oval Globe – A World of Rugby. As the Rugby Union World Cup draws near, this second programme presents a look ahead to the forthcoming action, and an in-depth report on the current cup holders and favourites, New Zealand.
6.00 Bullseye
6.30 ITN News; Weather.
6.35 LWT News; Weather.
6.40 Highway. Harry visits Aldington, and meets the Rev Lloyd Williams, who holds services in the village pub.
7.15 Beadle's About. New series.
7.45 Denis Norden's Laughter File. Denis Norden presents a new private collection of behind-the-screen antics revealing the hilarious pranks and stunts that TV personalities play on each other.
8.45 ITN News; Weather.
9.00 LWT Weather.
9.05 Film: Fatal Attraction. Michael Douglas stars as a successful lawyer whose fling with a psychotic woman turns his life into a living hell. Premiere also stars Glenn Close and Anne Archer (1987).
11.20 Cue the Music. The Bee Gees' One for All concert from Australia; ITN News Headlines.
12.25 The ITV Chart Show.
1.20 Hodson Confidential.
1.50 Film: For the Death of a Cop. French film with English dialogue starring Alain Delon and Anne Parillaud (1981); ITN News Headlines.
3.50 Teenage America.
4.40 The Magic Wok.
5.00 Soap.

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 Dispatches. 10.45 Dennis. 11.00 Owl TV. 11.30 The Lone Ranger. 12.00 The Waltons.

1.00 Voyage to the Bottom of the Sea.
2.00 Film: Night and Day. The life of songwriter Cole Porter starring Cary Grant and Alexis Smith (1946).
4.20 Mr Nobody. Jack Higgins, a 65-year-old eccentric, made a hobby of collecting other people's rubbish.
4.55 News Summary; Weather.
5.00 Family Pride.
5.30 The Men Who Built Canary Wharf. The success story of Olympia and York, the company owned by the reclusive Reichmann Brothers, Paul and Albert, who have transformed it from a small business to an office-building empire in just 35 years.
6.30 The Cosby Show.
7.00 Equinox: The Professor's New Clothes. Has the world of science been led up the garden path by one of its favourite sons, Indian palaeontologist Prof VJ Gupta? According to Australian geologist Prof John Talent, Gupta has produced over 400 fraudulent papers.
8.00 Classic Cars. Pop stars, earls and company directors fight for their Wheels of Gold at the auctions in the world of the enthusiast and semi-professional car collector.
8.30 American Football. La Raiders v Atlanta Falcons and the Green Bay Packers v Miami Dolphins. Introduced by Mick Luckhurst.
10.00 Film: Angry Earth. As part of Film on Four, this powerful drama looks back at the turbulent life of Gwen as she celebrates her 110th birthday. Premiere starring Sue Roderick and Dafydd Hywel (1989).
12.10 Film: Juliana. The story of a 12-year-old street girl who lives by her wits in Lima, the capital of Peru (1988).(English subtitles).
1.55 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-
ANGLIA:
12.30 Farming Diary. 12.55 Anglia News. 1.10 Goals Galore. 1.35 The Spectacular World of Guinness Records. 2.00 Highway to Heaven. 3.00 The Burghley Horse Trials.
BORDER:
12.30 Conference Report. 12.55 Border News 1.10 An Invitation to Remember. 1.40 Cover Story. 2.05 Family Theatre. 3.00 The Oval Globe - A World of Rugby. 4.00 Dinosaur! 5.00 Scotsport. 6.35 Border News 11.15 Prisoner: Cell Block H.
CENTRAL:
12.30 Gardening Time. 12.55 Central News 1.10 Burning Rubber. 2.05 Brief Encounter. (1974) 6.35 Central News 11.20 Prisoner: Cell Block H.
CHANNEL:
12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 1.10 The Wonderful World of Disney. 2.05 Please Sir! (1971) 6.35 Channel News. 11.20 The Human Factor. 11.50 Coast to Coast People.
GRAMPIAN:
10.45 Interbang! 11.15 Land of the Dragon. 11.45 Link. 12.55 Grampian Headlines. 1.10 Coronation Street. 2.05 Burning Rubber. 3.00 The Oval Globe - A World of Rugby. 5.00 Scotsport. 6.35 Grampian Headlines. 11.20 Prisoner: Cell Block H.
GRANADA:
12.25 Chalte Chalte. 1.10 Political Lives. 1.35 The Silent Gun. (TVM 1969) 3.00 The Oval Globe - A World of Rugby. 5.00 Bullseye. 5.30 Coronation Street. 6.35 Granada News. 11.20 Prisoner Cell Block H.
HTV:
12.30 West Country Farming. 12.55 HTV News 1.10 Heidi. 2.00 HTV Newsweek. 2.30 Footlight Serenade. (1942) 6.35 HTV News
SCOTTISH:
10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Sunday Service. 12.30 SNP Conference Report. 12.55 Scotland Today. 1.10 McCloud. 2.05 The Magical World of Disney. 3.00 Dinosaur! 4.00 The Oval Globe - A World of Rugby. 5.00 Scotsport. 6.00 Working Miracles. 6.35 Scotland Today. 11.20 Jake and the Fatman.
TSW:
12.30 TSW Farming Week. 12.55 TSW News 1.10 The Middle Years. 1.15 Coronation Street. 2.10 Billion Dollar Threat. 6.35 TSW News 9.00 TSW Weather. 11.20 Prisoner Cell Block H.
TVS:
12.30 TVS News. 12.33 Jack Thomson Down Under. 1.10 The Wonderful World of Disney. 2.05 Please Sir!. 6.35 TVS News. 11.20 The Human Factor. 11.50 Coast to Coast People.
TYNE TEES:
12.25 Windsurf! 12.55 Regional News. 1.10 Highway to Heaven. 2.10 The Back Page. 2.40 Flannelfoot. (1953) 6.35 Regional News. 11.20 Prisoner Cell Block H.
ULSTER:
12.25 Gardening Time. 12.55 Ulster Newstime 1.10 Crocodiles: The Deadly Survivors. 2.10 Manx International Rally. 3.00 The Oval Globe - A World of Rugby. 5.00 Bullseye. 5.30 Coronation Street. 6.35 Ulster Newstime 9.00 Ulster Sports Results. 11.20 Prisoner Cell Block H.
YORKSHIRE:
12.25 Goals on Sunday. 12.50 Calendar News. 1.10 Wonderful World of Disney. 2.05 Brief Encounter. 6.35 Calendar News.

RADIO

SATURDAY

BBC RADIO 2
6.00 Graham Knight. 8.05 Ronnie Hilton. 9.00 Brian Matthew. 10.00 Anne Robinson. 12.00 Gerald Harper. 1.30 The News Huddlines. 2.00 Ed Stewart. 4.00 Brighton Belle Special. 5.00 Cinema 2 5.30 Music By - George Fenton. 6.00 Brooks Aehron's Serenade. 7.00 Beat the Record. 7.30 Bexhill Concert. 9.30 Easy Does It. 10.00 The Arts Programme. 12.05 Brian Matthew. 1.00 John Terrett with Night Ride. 3.00 A Little Night Music. 4.00 David Allan

BBC RADIO 3
7.00 Morning Concert.
8.30 News.
8.35 Peter Hill.
9.30 Saturday Review.
12.45 Table Talk: Into Wine.
1.00 News.
1.05 BBC Welsh Symphony Orchestra.
2.10 Two Biblical Sonatas.
2.35 From the 1990 Berlin Festival.
3.40 Tuning Up.
5.00 Jazz Record Requests
5.45 Third Opinion.
6.30 Bartok.
7.05 A Schubert Recital.
8.50 Fool's Coat.
9.05 New Year.
11.00 Emerson Quartet.
12.00 News.
12.05 Close

BBC RADIO 4
6.00 News.
6.10 Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 News; Loose Ends.
11.00 News; Talking Politics.
11.30 From Our Own Correspondent.
12.00 Money Box.
12.25 The News Quiz.
12.55 Weather.
1.00 News.
1.10 Any Questions?
1.55 Shipping Forecast.
2.00 News; Any Answers?
2.30 Saturday Playhouse: A Portrait of Elmbury.
4.00 The Living World.
4.30 Science Now.
5.00 City Cat.
5.25 Fourth Column.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News; Sports Round Up.
6.25 Week Ending.
6.50 Stop the Week.
7.20 Kaleidoscope.
7.45 Classic Serial.
8.50 Conversations with Historians.
9.20 Music in Mind.
9.50 Ten to Ten.
9.59 Weather.
10.00 News.
10.15 Parody Please.
10.45 The Other MCC.
11.00 Richard Baker Compares Notes.
11.30 The Harpoon.
12.00 News; Interlude.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 Newsdesk.
6.30 Morning Edition.
9.00 On Your Marks.
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport On 5.
6.00 As Radio 4.
9.20 Fanshawe on Five.
10.00 The Big Fight.
11.30 Black Museum.
12.00 Sport.
12.15 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:
6.00 World News; 24 Hours. 6.30 Londres Matin: News in French; Weather. 7.00 Newsdesk. 7.30 Meridian. 8.00 News; 24 Hours live; News Summary. 8.30 From The Weeklies. 8.45 English Songsmiths. 9.00 News; Words of Faith. 9.15 A Jolly Good Show. 10.00 News; Waveguide: Worldbrief. 10.30 Personal View. 10.45 Sports Roundup. 11.00 News Summary; Here's Humph; Club 648. 11.30 Londres Midi. 11.45 Mittagsmagazin; Weather. 12.00 Newsdesk. 12.30 Meridian. 1.00 World News; News About Britain. 1.15 Multitrack 3. 1.45 Sports Round-up. 2.00 News Hour. 3.00 News Summary.

3.01 Sportsworld. 4.00 World News. 4.15 BBC English. 4.30 News and Features in German; travel news. 5.00 World and British News. 5.15 BBC English. 5.30 Londres Soir. 6.14 Letter from America. 6.29 News Summary. 6.30 Heute Aktuell. 7.00 German features.

7.54 News in German. 8.00 News; Write On. 8.15 Londres Derniere. 8.30 Club 648. 8.45 From The Weeklies. 9.00 World News.

9.09 Personal View. 9.25 Words Of Faith. 9.30 Meridian. 10.00 Newshour. 11.00 News.

11.05 Short Story: Ursuza. 11.20 Jazz for the Asking. 11.50 Sports Round-up. 12.00 News. 12.05 Words Of Faith; Book Choice. 12.15 A Jolly Good Show.

1.00 Newsdesk. 1.30 The Ken Bruce Show. 2.00 News summary. 2.01 Play of the Week: Brave New World. 3.00 Newsdesk. 3.30 It's The Law.

4.00 World News; News About Britain. 4.15 From Our Own correspondent. 4.35 Write On. 4.45 News and features in German.

SUNDAY

BBC RADIO 2
6.00 Graham Knight. 7.30 Don MacLean. 9.05 Richard Baker. 11.00 Desmond Carrington. 2.00 Benny Green. 3.00 Sounds Easy. 4.00 The Beautiful Ballad Years. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Black Magic. 7.45 A Musical Pot Pourri. 8.30 Sunday Half-Hour. 9.00 Alan Keith 10.00 Hey Mr Producer. 12.05 Seven Deadly Singsongs. 1.00 John Terrett with Night Ride. 3.00 A Little Night Music.

BBC RADIO 3
7.00 Morning Concert.
8.30 News.
8.35 Maestro de'Concerti.
9.15 The Melos Ensemble.
10.15 Music Weekly.
11.00 Berlin Philharmonic.
12.30 Dvorak.
12.45 Replay.
1.00 News.
1.05 Your Concert Choice.
2.30 Schumann and Bartok.
3.50 Poet of the Month.
4.00 Heinrich Schiff and the Northern Sinfonia.
4.55 In Preparation.
5.25 BBC Symphony Orchestra.
6.00 Choral Music from Eton College Chapel.
7.00 Haydn.
7.30 Sunday Play: Miss Lonely Hearts.
8.35 BBC Scottish Symphony Orchestra.
9.20 Haydn and Schumann.
10.10 Spitalfields Festival 1991.
12.00 News.
12.05 Close

BBC RADIO 4
6.00 News.
6.10 Prelude
6.30 News; Morning Has Broken
6.55 Weather
7.00 News.
7.10 Sunday Papers
7.15 The Living World.
7.40 Sunday.
8.50 Weeks Good Cause.
8.55 Weather.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
12.55 Weather.
1.00 The World This Weekend.
1.55 Shipping Forecast.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse: Writing Fiction.
4.00 News; Analysis.
4.47 Time for Verse.
5.00 News; Down Your Way.
5.40 Tales of a Dragon Watcher.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News
6.15 The Village
6.30 Murder Most Foul.
7.00 In Business
7.30 Bookshelf.
8.00 Poetry Now.
8.30 The Lady in Scarlett.
9.00 The Natural History Programme.
9.30 Special Assignment.
9.59 Weather.
10.00 News.
10.15 Poetry Festival.
11.00 A Perspective for Living.
11.30 Seeds of Faith.
12.00 News and Weather.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) Joins World Service.

BBC RADIO 5
6.00 World News and 24 Hours.
6.30 Meridian Reports.
7.00 Newsdesk.
7.30 Sunday Edition.
9.00 News and Sport.
9.04 This Family Business.
10.30 Education Matters.
11.00 News and Sport; Business on the Move.
11.30 Motoring Madness.
12.00 News and Sport.
12.03 Open University: Open Forum.
2.00 News; Sunday Sport.
7.20 Open University.
9.00 Soundprint.
9.30 Dragnet.
10.00 Sport.
10.10 Across the Line.
12.00 Sport.
12.10 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:
6.00 News; 24 Hours. 6.30 Londres Matin: Weather. 7.00 Newsdesk. 7.30 Jazz For The Asking. 8.00 News; 24 Hours; News Summary. 8.30 From Our Own Correspondent. 8.50 Write On.

9.00 World News. 9.09 Words Of Faith. 9.15 Music With Matthew. 10.00 World News; World Business review. 10.15 Short Story: Ursuza. 10.30 B-Side Beat. 10.45 Sports Round-up. 11.00 News Summary. 11.01 Science in Action. 11.30 Londres Midi. 11.45 Mittagsmagazin; Weather. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary.

1.01 Play of the Week: Brave New World. 2.00 Newshour; News Summary. 3.01 It's God's World. 4.00 News. 4.15 BBC English. 4.30 News and features in German; Travel News. 5.00 World and British News. 5.15 BBC English. 5.30 Londres Soir. 6.14 Club 648. 6.29 News Summary. 6.30 News and features in German.

8.00 World News; World Business Review. 8.15 Londres Derniere. 8.30 In Praise Of God. 9.00 World News. 9.09 Jazz Now and Then. 9.25 Words Of Faith. 9.30 My Word. 10.00 News Hour. 11.00 News. 11.05 Music with Matthew. 11.50 Sports Roundup. 12.00 News.

CHESS

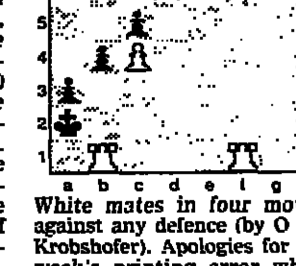
THE ANNUAL Lloyds Bank International Open encourages young players. Several British grandmasters gained valuable early experience there as teenagers. A junior international is incorporated in the open. This year's top three were Alexei Shirov and Michael Adams, the highest rated juniors in the world, and Ilya Gurevich, the world under-20 champion.

It was a much younger boy who attracted the spectators. Peter Leko, 11, of Hungary, has already been near to an IM norm and beaten the world champion microcomputer. His Fide rating of 2,385, equal to a 223 British grade, is a record for his age. At Lloyds Bank he drew with the runner-up, Alex Shabalov of Latvia.

Since the Polgar sisters showed that you can coach GMs almost from infancy, chess precocity has become fashionable. All three medallists in the world under-10 championship at Warsaw have quit school and turned professional. It may yet end in tears. Chess has fewer sponsors due to the recession, while international opens are vastly more competitive with busloads of hungry east Europeans (A Shirov, Latvia, White; P Leko, Hungary, Black; Grunfeld Defence; Lloyds Bank 1991).

1 d4 Nf6 2 c4 g6 3 Nc3 d5 4 Bg5 Ne4 5 Bf4 Nxc3 6 bxc3 dxc4 7 e4 c5 8 Bxc4 Bg7 9 Ne2 Nc6 10 d5 Na5 11 Bd3 0-0 12 Bg5 Qc7 13 0-0 e5 14 c4 b6 15 Bd2 Nb7 16 a4 Bd7 17 a5 Nd6 18 Nc3 f5 19 Re1 f4 20 Qb3 h5? Black has defended solidly, so far, but here Rfd8, keeping a rook on the a file, is better. 21 Reb1 Rab8? 22 axb6 axb6 23 Ra6! Pouncing on the error,and forcing a won endgame. b5 24 Nxb5 Bxb5 25 cxb5 c4 26 Qb4 Nxb5 27 Qxc4 Qxc4 28 Bxc4 Nd4 29 Rxb8 Rxb8 30 h4 Kh7 31 Ba5 Rc8 32 d6! Rxc4 33 d7 Ne2+ 34 Kf1 Rd4 35 d8Q Rxd8 36 Bxd8 Nd4 37 f3 Resigns. White wins on material. The 11-year-old fought well against the tournament winner.

Chess No 889



White mates in four moves, against any defence (by O von Krobshofer). Apologies for last week's printing error which gave the wrong text and solution for the problem diagrammed above.

Solution Page XX

Leonard Barden

BRIDGE

TODAY'S hand is from an international team match:

N
♠ K Q 7
♥ 10 5 4 3 2
♦ 10 2
♣ A K 7

W
♠ J 10 9
♥ K J 9 8
♦ J 8 3
♣ J 10 4

E
♠ 3
♥ A Q 7 6
♦ Q 9 6 5
♣ Q 8 5 3

S
♠ A 8 6 5 4 2
♥ —
♦ A K 7 4
♣ 9 6 2

At love all South dealt and opened with one spade, North replied with two hearts, South rebid two spades,and North raised to four. Declarer made his contract with an overtrick.

In room two North did not show his worthless heart suit, but showed where his strength lay by the reply of two clubs, South rebid two diamonds, North jumped to four spades, and South went on to six.

West led the spade knave, and the declarer took stock. With two diamonds to be ruffed, it appeared that an even break in trumps must be assumed, but the declarer had other ideas. Taking the spade knave in dummy – this is essential – South ruffed a heart in hand, cashed ace and king of diamonds, and ruffed a diamond with the spade seven, West throwing a club,and a third heart was ruffed. In the five-card ending South cashed ace and king of clubs, ruffed one more heart with his eight of spades, and his ace of trumps was good for the 12th trick. A well timed coup en passant.

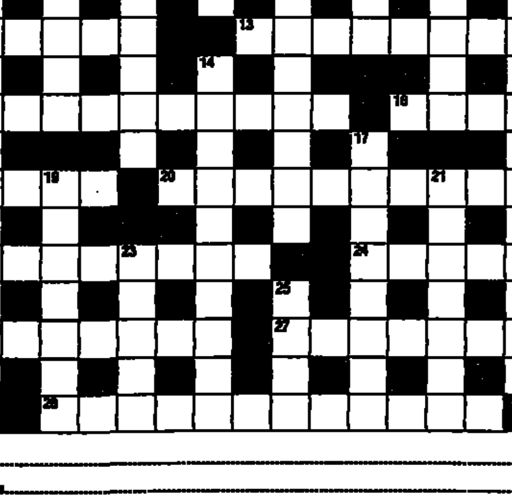
In my opinion, when South reaches the five-card ending,he should cash the ace of spades, discarding dummy's club seven, – spades might have been 2-2 – and then cross to the club king to ruff a heart. This method would have been essential, if West had thrown a heart instead of a club on the fourth diamond. South ruffs a fourth heart, and West can overruff, but now he must put dummy in with a club to score the last two tricks.

E.P.C Cotter

CROSSWORD

No. 7,652 Set by DINMUTZ

Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Wednesday October 2, marked Crossword 7,652 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday October 5.



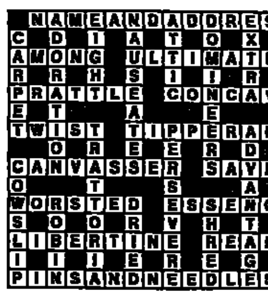
Name...

Address...

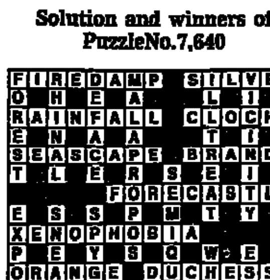
ACROSS
1 This runner will need stamina and leg tonics, perhaps (4-8)
10 Assumption that place of business does not close (7)
11 But he does not listen to people's accounts! (7)
12 Clutch heather on top of cliff (5)
13 A very soft fish as a starter (8)
15 Admirer of this blessed plot? (10)
16 Water found on butter in Cumbria (4)
18 This group can retire after university (4)
20 Zest with which English open lager, possibly? (6-4)
22 Extremely tired after a morning of being waylaid (8)
24 Whip used in the marathon, generally (5)
26 Page gets green light for the brochure (7)
27 Takes delight in Rigel, so changeable (7)
28 Relief prescribed for the airways? (12)

DOWN
2 Opportunity in space (7)
3 Suspicious conduct of travelling disciple? (6-2)
4 Old records do not show chief American composer (4)
5 Vagrant on ring-road in the spring? (10)
6 Rock-bottom day in rain-storm (5)
7 Platform is French dear, it may collapse! (7)
8 Manner in which an extravaganza is produced? (13)
9 One may tag a S-Hoo relic, if ordered (13)
14 Dance, POW fashion? (10)
17 Tree cut up and placed in trunk, needs a red bulb (8)
19 Acceptable accommodation in Hull, we hear (7)
21 Eye-opening proposal, a sensation! (7)
23 Girl in charge? Not under this law (5)
25 Fever of union leader in his dotage? (4)

Solution to Puzzle No.7,651



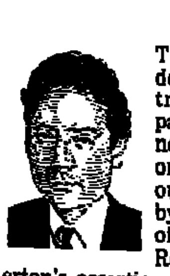
Solution and winners of Puzzle No.7,640



M.C. Davison, Northwood, Middlesex; John Doe, Bath, Avon; K.W. Hargrove, Bude, Cornwall; Anne Perks, St Andrew, Dorset; F.E. Skuse, Woodford Green, Essex.

Political scabs in pin-stripe and purple

Attacks on Robin Leigh-Pemberton and George Carey smack of intolerance, says **Dominic Lawson**



THERE WAS a delightful symmetry to the front pages of yesterday's newspapers. On the one side was the outrage expressed by Labour Members of Parliament at Robin Leigh-Pemberton's assertion, in his position as governor of the Bank of England, that "We are now coming out of recession". On the other was the similar vituperation being heaped by Conservative MPs on the Archbishop of Canterbury, for the Primate's remarks that the rioting in towns such as Newcastle was "inextricably linked to social deprivation, poor housing and illiteracy".

There is a nauseating aspect to the protests of these stage armies of back bench MPs. One would think there were some closed shop designed to keep a monopoly of political discussion to a trade union masquerading as the House of Commons. Just as closed shops were designed to block able competition for the same jobs, so these MPs know that while their speeches are dismissed as the empty rhetoric of party place men, the utterances of men like George Carey and Robin Leigh-Pemberton are actually listened to by the public with respect. It is only because Leigh-Pemberton has a reputation for integrity, if a rather bumbling integrity, that he has so worried the Labour Party. As for Carey, he is a member of the House of Lords, which is, I suppose, a reasonable constitutional proof of his right to speak *ex cathedra*.

While the critics of Leigh-Pemberton and Carey accused them of being too "political" the truth is that it is a mark of a liberal society that leading figures can speak without fear of unfortunate political consequences. The mark of illiberal societies is that everything becomes political and nothing can safely be said in public which does not correspond to received doctrines.

Besides, both miscreants, pin-striped and purple, have attempted to engage in rational discussion. The Prime Minister chose the same day to put his argument to the nation by means of a party political broadcast. You will not find reports of *that* in the front pages; they are relegated to the television section. Quite right, too, because this so-called "political" broadcast was, at its heart, not much more than a series of feature films images of an ideal Britain, devoid of cities, rubbish, cars, and – it must be said – politicians. This as the vision, sanctioned by the Conservative Party, of John Schlesinger, director of many excellent motion pictures. Doubtless when Hugh "Chariots of Fire" Hudson finishes his party political movies for the Labour Party we will have a similar soft-focus fact-free film about what Britain would be like under a Labour government.

With such vacuity taking the place of political debate, it is hardly surprising that the contributions of the governor and the archbishop make such an impression. The archbishop is a natural politician. I was struck by his ability to steal the headlines, just as journalists were beginning to get their teeth into the developing split between the liberals and traditionalists in the Church of England. If George Carey did nothing else with his speech he set up a very big hare to lure away the hounds of schism.

Within the church, unfortunately, Carey's role seems precisely that of the propagandists within the Conservative party – to pretend that politics do not exist and that a haze of well meaning is the answer to genuine and heart-felt differences. His letter to *The Times* this week, in response to the Archdeacon of York's warning of schism, was a masterpiece of evasion. Having, before his enthronement described opponents of women priests as "heretics" Carey now manages to write a letter on divisions in the church, without even mentioning the issue of women. Which leads one to a rather depressing conclusion: throughout society those with power dare not speak the truth. That practice apparently, is a luxury which can be afforded only by those without great influence.

■ *Dominic Lawson is editor of The Spectator*

Lydia van der Meer

Private View

Flying the flag with a daughter of the revolution

Mrs Eldred Martin Yochim is proud of her legs and proud of her country. She tells ***Christian Tyler*** *about the role of patriotism in the US*

THE PRESIDENT general of the Daughters of the American Revolution has great legs. "Great legs. She has outstanding legs," her female aide-de-camp told me, rummaging in her executive briefcase for a snapshot.

"You don't mind, do you, Marie?" the ADC added.

"No, I don't mind," replied the president, looking as coy as a kitten.

I was handed a photograph of a laughing, matronly Europa astride a monstrous stuffed bull, her flouncy petticoats ruckled up to mid-thigh.

The two women waited expectantly. Yes, I agreed, spluttering with English embarrassment, you certainly have, er, got good legs.

"There, you see!"

Mrs Eldred Martin Yochim (DAR officers use their husbands' names, but I shall call her Marie), née Hirst, from Falls Church, Virginia, is head of that intimidating regiment of women which fights with banners, medals, bunting and booklets for patriotism and the American way.

She had marched across the hotel lobby to meet me, dressed in brilliant, Tory blue and decorated with the golden badges of her office. While we talked she sat ramrod straight, almost immobile, as if afraid of creasing the presidential sash across her bosom.

It was easy to imagine her on the platform of a convention hall, a handsome, imposing figure under a huge chandelier, dishing out "Americanism Medals", "Friendship Awards" and centennial medallions: for this is the DAR's 100th year.

Even in private you felt that Marie Yochim was on parade. Her two advisers, a wife and husband team, guarded her closely, rephrasing questions and supplying her with answers. Sometimes they talked about her as if she were not in the room at all.

The president general was on a European tour, so I asked her whether the DAR had forgiven the English for resisting American independence.

"We don't even think about that in the DAR. We really don't. I mean that was something that happened between England and the United States, but no, we don't hold that against the . . ."

"We're a service organisation", said the female ADC hurriedly.

But do you rate France more highly, remembering the impetus the French gave your revolution?

"Oh, they certainly did, and I'll be going to Lafayette's grave and we'll be doing a lot of things there as well. But no, we don't look at it like that at all. We don't rate France over England, no."

The ADC spoke: "Her ancestors, you know, came from England, and I think she takes pride in her English heritage."

I asked Marie what she thought of the royal family.

"You know, this is the way this country is run, having your royal family and your Queen and all this. It's just a difference in the way the countries are run."

Would you accept an invitation to the palace if you had one?

"Oh, I certainly would! In fact, the last time I was here, I did go to Lord Hailsham's. We did go to the House of Lords and met with him. I have some pictures with me."

To become one of the DAR's 203,000 members you have to prove lineal descent from one of the American revolutionaries. It is enough to show that your ancestor supported the cause, even if he did not fight. But there is no such thing as honorary membership, however famous you are. Barbara Bush has qualified, so have Nancy Reagan and Rosalynn Carter. Mrs T Dan Quayle will be admitted at next month's Board meeting. "I just got her papers," the president confided.

Marie Hirst is a 12th generation Virginian and a 10th generation resident of Falls Church. She grew up a Democrat but is now Republican. She joined the DAR young, worked as an executive secretary to a builder and developer and then took a paid job on the DAR staff. She turned volunteer again to become district, state and finally national head. Her husband, a retired employee of the Federal Housing Administration, comes of German stock: she said the name Yochim might be a corruption of "Joachim". Like the violinist?, I ventured.

"Perhaps. I hope you'll take a picture when I'm smiling."

Daughters of the American Revolution have the reputation of using patriotic glamour to conceal a none-too-genteel racism. I pointed out that it might be difficult for a black woman to prove revolutionary ancestry and asked how many black members the DAR had.

"Well, I can't tell you how many. Our applications from the very beginning of the organisation have never asked what colour are you, what's your religion, what's your political party. Let me tell you, for the past ten years we have been working on helping the blacks find some of their roots.

"There are many minorities who were in the American Revolution. Some were black, some were Indian or mulatto. And we are coming out with these booklets which should help some of them trace their families. Now, we're doing that to try and help them."

In the old days, the DAR used to meet new immigrants at the Ellis Island reception centre. These days, as well as distributing literature in primary schools, the Daughters hand out civic manuals to new arrivals and, when they come out of the courtroom five years later with citizen status, welcome them with flags and speeches.

I asked Marie if she was worried by the latest wave of Hispanic immigration into the South.

"Well, it seems a little bit scary. Down there, they're having a lot of trouble down in Miami. But I can't make any comment on that because I don't really know."

People say that white Americans could be in a minority in the next century . . .

"Well, now, it might. You could be right. Because it looks to me like many of the whites want two careers and they don't have time to have a child, and yet, you see, a lot of Hispanics have a lot."

Would you face that with equanimity, or would that be a pity?

"No, I don't see that anything like that is a pity. I mean, if they become good American citizens and do what's right by their country, I would not be worried."

We talked about the controversy over "multicultural" curricula in American schools. THe DAR president regretted the encroachment of Spanish signs in public places. ("English is our language and they should learn our language"). But she did not object to ethnic minorities learning their own history at school, provided that American history was put firmly first.

When I asked what it meant to be an American, she looked completely baffled.

"We all who live there are American."

Isn't there a way of thinking which makes you an American, too. It's not just enough to live there, is it? What are the values, the ideals that make Americans different from the English, or Germans, or French, or . . .

"I don't say that they're different. We're all different. We're different in our country, you're different in your country. I don't know what you're trying to say.

Eventually, when I mentioned the Gulf War, this sign of what it means to be a good American emerged. The answer was patriotism.

Did the war have a good result? "Sure. Well, it certainly brought back patriotism. We had a renewal of patriotism, and that is something I don't think any country can stand up without. Everybody came together. The yellow ribbons, the flags were out, everybody came together and it was just great."

Who are the unpatriotic Americans?

"Yes, well, we have some. We have atheists, who don't want you to say anything about God or the Bible and Christianity. They don't understand. You have some of those who get out and burn the flag. There are some in our country, yes."

Are they a threat?

"No, I would say they're not a threat, but they certainly aren't good American citizens, let's put it that way. It's hard to believe a citizen could burn their own country's flag."

Why do people do it, do you think?

"I really don't know. I feel like that if they don't like living in the country, they should go someplace else where they might be happier."

Apart from attending tea parties at the White House and getting presidential messages of support at convention time, the DAR claims to be apolitical. "We maintain no lobby at local, state or national level. It's not that type of thing at all. We're a service organisation."

However, the DAR does pass resolutions. It did campaign against the Equal Rights Amendment, which aimed to write equality for women into the US Constitution. Marie seemed confused as to why the ERA was opposed, saying she had nothing against women getting ahead, but that they shouldn't be liable for military service.

"I hate to see a mother go over there and get killed and leave three, four children. No matter how much women think they're as strong as men, they really are not. I've talked to a Brigadier General, a woman who was in the service, and she said women just can't just lift those big tyres and do a whole lot of things that men can do."

Earlier, the president general had explained that the three objects of the DAR were historic preservation, promotion of education (the Daughters run schools for hillbillies and American Indians as well as studying genealogy) and patriotic endeavour. I suggested that the DAR itself might be something of an historical relic.

"No. Not at all, no."

The woman adviser chipped in: "We had the astronauts at the DAR dinner."

"We have astronauts," Marie repeated. "Of course not, no!"

You don't feel the DAR is an ancient American monument which might need conserving itself?

"No. We change with the times. Sometimes we are even ahead."

Acid House dreams

Nigel Spivey

I KNEW I was in for a modern hallucinogenic experience as soon as the Severn Bridge came into view. Late September sunlight had transformed the myriad cones into a surface of rich filigree; and the burnished prospect down the estuary called for the palette of Turner.

Even more dreamlike, my Alfa and I sailed across at something more than 0.5 mph, and cruised easily into the stately pleasure dome that is Aust Service Station. Here there were more hallucinogenic harbingers: entire families clad in purple and pink tracksuits, outfits that called for the palette of Picasso. I hailed one of these harlequins.

"I say. Is this the Acid House gathering?"

Something less than West Country charm came back.

"Trying to be funny, mate?"

I have observed before that when a member of the tracksuit-wearing classes addresses you as his mate, he is generally intending to assault you. I retired, and sought out a man in the livery of the Royal Automobile Club. Much more congenial: he looked at my car, and opined that it was great, so long as it was running. Had he, I wondered, any Acidic House knowledge?

"You don't look like one of them," he said.

I explained that my wife had refused to let me take a razor to my corduroys.

"Well. Sometimes they congregate here. Come from all over – Swindon, Shepton Mallet. You name it. But you might find 'em anywhere along the M4. Arresting on sight is what they want."

I set off along the M4 again. My notebook records the quest: 10.00 pm. Leigh Delamere Service Station. Telephone to wife: Am in Leigh Delamere. Where should I be?

10.30 pm. Supper, at MacDonald's Drive-Thru Restaurant on the Great West Road, Swindon. I reason that if I stay inside my extremely high performance car, it is less likely to be whipped by local joyriders.

11.05 pm. Membury Service Station. Yes: the first pair of slashed trousers; scraps of bin-liner couture; and those bouncy black shoes that Minnie Mouse used to sport. These are Acid House dudes. "Follow us," they say. "We're going to Werritt's Att."

11.45 pm. Twenty-three handbrake turns later, we reach a remote barn. It could be Werritt's Att: it could be anywhere. The half-timbered walls are heaving. A fiver at the entrance gets my hand stamped by a man in dark glasses. He is the sort I should arrest on sight, but I am content to point out to him that there is no sun for his glasses to exclude. He pushes me inside with a sneer.

11.55 pm. I am briefly stupefied by the energy of the throng dancing around me. Twisting like dervishes, sweat pouring from their fevered bodies: they seem to be in states of genuine ecstasy. Then I glance down at my own body. All I am doing is shifting my weight delicately from one foot to another, and yet I too am dancing like a dervish. So much for the ecstasy. This is a trick of the lights.

HAWKS & HANDSAWS

12.15 am. At the edge of the din, I start chatting to a youth. His hair is like Rupert Brooke's, only wild and lank. He says to me: "Do you smoke?" I eye him carefully, lest he be one of those Puritans who throw buckets of water over anyone who so much as strikes a match in their presence. "An odd cigar," I confess.

"Oh, man. Right. Cool. Yeah. Cigars with whacky baccy, huh?"

"Whacky baccy? Pure Havana, old bean. Try one."

12.30 am. Rupert Brooke sucking hard at his Romeo Y Julieta, and looking green; me feeling slightly sore at having given it away. Then a girl proffers me a bag of nibbles. Unusual nibbles these: miniature dried mushrooms which are exceedingly tasty.

I take another handful: this is welcome nourishment, and almost makes up for the cigar. "Er, yeah, hey, like steady," says the girl. Munching happily, I resolve to look out for these in Tesco.

1.15 am. Go outside for some fresh West Country air, and meet a chap in tweeds. I am feeling unusually benevolent. I urge him to join the party. In a gruff West Country manner, he says he would like to spray us all with a twelve-bore.

"Come, come," I say. "No one is doing any harm, except perhaps to the odd eardrum. I am glad to see young people having a good time. Poor things. If they try to earn enough money to put a roof over their heads, we damn them for greed. If they give up and camp down by Waterloo, we damn them for their spinelessness. I doubt there's more than a dozen in there whose parents aren't separated, divorced or thrice remarried. *Une génération perdue*. More sinned again than sinning. Do come in and freak out."

But my new friend – everyone is now my friend – stalks off, still choleric to make a telephone call.

1.30 am. The cry goes up, "Beasts!" and pandemonium ensues. Dogs, whistles, headlights and scuffles. Still mellow, I watch the old West Country game of taking a shy at the constable' s helmet with a half-brick. Then I notice Rupert Brooke being dragged into the back of a van by eight men twice his size. "Beasts!" cries Rupert. I remonstrate with those manhandling him. "Yes, you are being perfectly beastly," I say. "Somewhere around here is a man in dark glasses, whom I most strongly recommend you to arrest instead of this harmless orphan."

My pleading, once more, fails with these burly West Country men. "Wanna be nicked with him, son?" says one, shoving me back with the butt of his truncheon.

All around, an exodus of dudes: on skateboards, in customised Beetles. The night is wrecked and over: I wander back to my Alfa.

2.05 am. All quiet at Werritt's Att. The moon trickles a little light over a silvery grain silo. Everything is still: including the engine of my Alfa. A surfeit of handbrake turns did it. But I find I have a few mushrooms in my pocket. Chewing these, I doze off: to dream of Horlicks and slippers and dead-heading the roses.